

# THE POLICY AND POLITICS OF COOPERATIVES

A GEOGRAPHIC, SECTORAL, AND POLITICAL ANALYSIS OF CO-OPS PROMOTING ECONOMIC  
DEVELOPMENT IN THE UNITED STATES

by  
Kate LaTour

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## **Abstract**

Cooperatives engage and compete in the market just like any other form of business, yet co-ops are distinct in their one member, one vote structure of ownership and governance. People form cooperatives for three primary reasons: to fix a market failure, create greater consumer choice, or to gain greater parity against bigger players in the market. Co-ops also provide benefits that conventional businesses do not experience, including greater access for underserved populations, greater resilience to economic shock, and longer business lifespans in the same community. Moreover, as democratic institutions, cooperatives can contribute to strengthening the social fabric of a community.

Like other forms of business, a strong enabling environment from all levels of government is not only helpful, but necessary. Typical tools for business development—especially technical assistance and access to capital—are needed for cooperative development, too. A major barrier that some cooperatives face, which other types of businesses do not, is a lack of incorporation statute at the state level. This is especially prevalent in the Southeast United States. There is a similar consequence when major federal statutes, like the Small Business Act, do not comprehensively include cooperatives. Lastly, like technology companies boom in Silicon Valley, cooperatives similarly thrive when there are clusters or associations of cooperatives operating in the same community, region, or sector. Many of these are similar or identical needs for any type of business development, but for co-ops—unlike conventional firms—equal access to these tools and services varies widely. For the first three decades of the 20<sup>th</sup> Century, cooperatives were a critical tool to rural business and thus became ubiquitous at the U.S. Department of Agriculture. That same depth has not occurred in non-rural areas and has likely contributed to the lack of uptake of cooperatives by other federal agencies.

Throughout the last century of public policy promoting and investing in cooperatives to solve economic and social challenges, cooperatives have garnered bipartisan support. Nearly every way the data is analyzed, legislation incorporating cooperatives is bipartisan at least half the time. This research demonstrates that cooperatives are a proven strategy for inclusive economic development that is particularly ripe for today's political climate in which thin majorities govern the chambers of Congress.

**Thesis Advisor:** Dr. Kathleen Wagner Hill

**Thesis Reviewers:** Thomas H. Stanton  
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I began this research with a narrow focus on the policy and politics of cooperative businesses and have had the terrific opportunity to work with so many leaders in the cooperative community throughout this process. I am in awe of the passion, generosity, and grit of the members of the co-op community to help build a better world.

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## **Introduction**

Cooperative businesses are a tested model in the United States and across the world to address large economic and social challenges. Today's challenges may take a new shape than those 50 years or a century ago, but cooperatives can once again be the strategy to meet the moment. In the United States, cooperatives have grown extensively and to a scale of other business models, most prominently in agriculture, electric utilities, and financial services. Cooperatives exist in every sector of the economy but have not experienced the ubiquitous uptake as the aforementioned sectors. Instead, employee-owned, consumer-owned retail grocery, and housing tend to exist in pockets across the U.S.. Changes in local, state, and federal policy could make cooperatives—and the benefits they bring—to more people and more communities.

The United States is experiencing a national reckoning in the face of compounding crises amid the COVID-19 pandemic, the subsequent economic crisis, and the disproportionate impacts each of these have had on minority populations across the country.

There is a plethora of data that demonstrates the growing wealth inequality in the United States. From 1989 to 2016, the wealth gap has more than doubled so that the top five percent of wealthiest households now hold more than 248 times wealth than the median household wealth.<sup>1</sup> A key asset for wealth building is homeownership. Today, homeowners net worth is 40 times greater than that of renters.<sup>2</sup> Unfortunately, homeownership rates have steadily declined since the 2007 subprime mortgage crisis.<sup>3</sup> Overall, there is significant instability in the U.S. economy.

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<sup>1</sup> Schaeffer, Katherine. "6 Facts about Economic Inequality in the U.S." Pew Research Center. Pew Research Center, May 31, 2020. <https://www.pewresearch.org/fact-tank/2020/02/07/6-facts-about-economic-inequality-in-the-u-s/>.

<sup>2</sup> Bhutta, Neil, Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances § (2020). <https://www.federalreserve.gov/publications/files/scf20.pdf>.

<sup>3</sup> Housing: Preliminary Analysis of Homeownership Trends for Nine Cities § (2020). <https://www.gao.gov/assets/gao-20-544r.pdf>.

As many as 78 percent of workers report living paycheck to paycheck.<sup>4</sup> These disparities are even more stark when further analyzed by race, in which Black, Latinx, and Indigenous Americans fare far worse than white Americans. Black and Latinx households are twice as likely as white households to have zero wealth or negative wealth.<sup>5</sup> One in three Indigenous people in the United States are living in poverty—an increase from one in four in 2016, vastly overrepresenting poverty households, as they make up just two percent of the overall US population.<sup>6</sup>

Economic trends on the corporate side have also shifted. A confluence of forces has driven companies to acquire smaller competitors and take up larger shares of the market.<sup>7</sup> The size of small businesses is shrinking, while the size of large businesses is growing exponentially. Concentration has plagued most sectors of the U.S. economy—from health care to manufacturing, service-based companies, and technology firms. Moreover, a rise in short termism—companies prioritizing the short-term profits returned to investors over the long-term wellbeing of the business or other stakeholders.

Corporate consolidation has severely impacted housing, as well. Since the 2008 recession, corporate ownership of rental housing has grown by 30 percent, today accounting for over three-quarters of all rental properties.<sup>8</sup> Specifically, private equity firms make up much of

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<sup>4</sup> Friedman, Zack. “78% Of Workers Live Paycheck To Paycheck.” *Forbes*. *Forbes Magazine*, January 7, 2021. <https://www.forbes.com/sites/zackfriedman/2019/01/11/live-paycheck-to-paycheck-government-shutdown/?sh=5a33e16e4f10>.

<sup>5</sup> “Racial Economic Inequality.” *Inequality.org*, March 3, 2021. <https://inequality.org/facts/racial-inequality/#racial-wealth-divide>.

<sup>6</sup> Redbird, Beth. “What Drives Native American Poverty? Sociologist Beth Redbird’s Research Points to Job Loss, Not Education, as a Key Driver.” *Institute for Policy Research*. Northwestern University, February 24, 2020. <https://www.ipr.northwestern.edu/news/2020/redbird-what-drives-native-american-poverty.html>.

<sup>7</sup> Sherman, Erik. “Business Consolidation Is Crushing The Economy And People.” *Forbes*. *Forbes Magazine*, August 29, 2019. <https://www.forbes.com/sites/eriksherman/2019/08/29/business-consolidation-economy/?sh=451c0fba6c37>.

<sup>8</sup> Lee, Hyojung. “Who Owns Rental Properties, and Is It Changing?” *Who Owns Rental Properties, and is it Changing?* | Joint Center for Housing Studies. Joint Center for Housing Studies, Harvard University, August 18, 2017. <https://www.jchs.harvard.edu/blog/who-owns-rental-properties-and-is-it-changing>.

the new corporate ownership of rental housing. In the COVID-19 pandemic and resulting economic crisis, corporate landlords have been responsible for the vast majority of evictions, navigating loopholes of federal and state eviction moratoriums. According to a recent report, corporate landlords were behind more than 80 percent of evictions filed in one Georgia county, and nearly 70 percent of all evictions in the most populous counties in Arizona and Texas. In Milwaukee, Wisconsin, a single corporate landlord filed half of all evictions in a single week in December 2020.<sup>9</sup>

There has also been increasing rhetoric around the divide between rural and urban Americans. Although there is legitimate disagreement around to what degree this is based in evidence versus a public narrative, its consistent presence in public discourse and media makes it worth discussing in this context. Much of this rhetoric is propelled by differences in voting preferences for political candidates. While the challenges rural and urban Americans face may manifest differently, economic problems around housing and financial security persist across the country.

Finally, the United States is experiencing an enormous political divide, largely between major political parties, but also within each party's own ranks. Although political candidates have become more polarized, research shows that Americans as a whole have not become more politically polarized. This suggests that voters continue to support policy solutions driven by bipartisan coalitions. However, as political divisions have deepened, there has also been a stark

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<sup>9</sup> Higgins, Abigail. "One Millionaire Landlord Was behind Half of Milwaukee's Evictions during Covid Lockdowns Last June. Here's the Story of How Corporate Landlords Helped Drive the Evictions Crisis." Business Insider. Business Insider, March 26, 2021. <https://www.businessinsider.com/how-corporate-landlords-helped-drive-the-covid-evictions-crisis-2021-3>.

lack of civility in political discourse. Considered collectively, these factors lead to an unstable economy and democracy.

Public pressure on corporations is growing. In 2019, the Business Roundtable—an association of major U.S. corporations—announced that their members would take into consideration stakeholders beyond investor-shareholder primacy, including employees, consumers, communities, and the environment.<sup>10</sup> The public puts political pressure on corporations in other ways, too. Following the attack on the U.S. Capitol on January 6, 2021, people called for corporations to end contributions to political campaigns for politicians who voted to oppose the certification of the 2020 presidential election, and corporations did just that.<sup>11</sup>

To address these growing challenges—economic and social—policymakers should consider reflecting on the founding principles of America: what Alexis de Tocqueville described as American Exceptionalism. Principally, this included egalitarianism—the notion that people would not be bound by the class to which they were born—and Puritanism as an economic driver—a dedicated work ethic to achieve divine grace as the end goal, not simply economic drive to accumulated material wealth. Unfortunately, descending from a wealthy family and the zip code in which someone is raised are key indicators of a person’s potential for upward mobility.<sup>12</sup> Moreover, Puritan roots promoted economic behavior that included a concern for the

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<sup>10</sup> “Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans'.” Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans' | Business Roundtable, August 19, 2019. <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>.

<sup>11</sup> “Big U.S. Companies Slash Donations to Politicians after Trump Election Challenge.” Reuters. Thomson Reuters, February 21, 2021. <https://www.reuters.com/article/us-usa-politics-corporate/big-u-s-companies-slash-donations-to-politicians-after-trump-election-challenge-idUSKBN2AL013>.

<sup>12</sup> Reeves, Richard V. “America's Zip Code Inequality.” Brookings, July 28, 2016. <https://www.brookings.edu/opinions/americas-zip-code-inequality/>.

well-being of other people and the community, and a pursuit of wealth through hard work to achieve divine grace, not for the sake of wealth accumulation or a material end.<sup>13</sup>

The foundation of the cooperative business model parallels the goals of the Founders' vision for the economy. Cooperatives do not seek to limitless growth like many investor-owned businesses seek—motivated by the prospect of higher shareholder returns. Instead, cooperatives are a mission and values based business model that respond to member needs, including growing to increased demand. So, while cooperatives can and in some cases do experience significant growth, it is not motivated by profits alone. Profits are returned equitably to member-owners based on their use of the business—those who are responsible for creating the profits and directly reap the benefits of that work.

Cooperatives can be an important policy *and* political solution to these mounting challenges. In fact, co-ops have been the policy and political tool that policymakers have depended upon in our nation's history. While the country was still struggling through the Great Depression, President Franklin D. Roosevelt (D) invested extensively in cooperatives to help bring affordable, reliable electricity to rural communities. This investment created jobs and empowered people living in rural communities to generate and capture economic opportunity.

Cooperative businesses, which exist and thrive in nearly every sector of the U.S. economy. While a cooperative's agreed upon bylaws make cooperatives diverse, all cooperatives operate on seven principles. It is through these principles that both differentiate co-ops from other business models and are the basis on which economic and social progress can be made.

The first principle is open and voluntary membership. This means that cooperative businesses are open to anyone, and membership can be an important way for people to find

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<sup>13</sup> Tawney, R. H. "Puritanism and Capitalism." *New Republic* 46, no. 597 (May 26, 1926): 348–55.

community. Feelings of exclusion among Americans is on the rise, with surveys showing almost half of respondents reporting feeling isolated, lonely or lacking quality, interpersonal relationships.<sup>14</sup> Many Americans also continue to feel left behind after the economic shock of the 2008 recession, with frustrations that the wealthy have recovered and even prospered, while the middle class is shrinking and the average household is being left behind.<sup>15</sup> Separately and together, these feelings of exclusion contribute to a growing political divide. Cooperatives are a model that can be applied across various sectors to promote both social and economic inclusion and enable more people to capture these opportunities.

The second principle is democratic member control. In a cooperative, each member has one share of equal value. That share empowers a member with a vote in deciding the leaders of the cooperative and how the business operates. This principle in business is as fundamental as it is in American electoral politics. This role affords members the opportunity to use their voice in shaping the business's operations. Democratic participation within cooperatives also generates more civically engaged people within their broader communities, called the civic spillover hypothesis.<sup>16</sup> This principle also gives people practice in working through disagreements within the bounds of the bylaws of the co-op.

The third principle is members' economic participation, which means that each member-owner contributes equally to purchase a cooperative share. In addition to its implications on members, this principle is also critical to earnings. Profits that are not returned to the co-op for

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<sup>14</sup> Nemecek, Douglas. "Survey of 20,000 Americans Examining Behaviors Driving Loneliness in the United States." *2018 Cigna U.S. Loneliness Index* (blog). Cigna, May 2018. [https://www.multivu.com/players/English/8294451-cigna-us-loneliness-survey/docs/IndexReport\\_1524069371598-173525450.pdf](https://www.multivu.com/players/English/8294451-cigna-us-loneliness-survey/docs/IndexReport_1524069371598-173525450.pdf).

<sup>15</sup> Arcega, Mil. "Economic Numbers Improve, But Some Americans Feel 'Left Behind'." VOA News, September 20, 2016. <https://learningenglish.voanews.com/a/economy-improve-left-behind/3517116.html>.

<sup>16</sup> Schlachter, Laura H., and Kristinn Már. "Spillover, Selection, or Substitution? Workplace and Civic Participation in Democratic Firms." University of Wisconsin-Madison, Wisconsin: Open Science Framework, 2020.

operations and investments are distributed to members based on their proportional use of the cooperative's service. Many Americans are familiar with this concept through their membership with the REI Co-op, the outdoor equipment store. The co-op returns ten percent of a member's annual purchases on regularly priced items back to them. This is called patronage dividends. In 2019, REI returned \$210.8 million to its member-owners in the form of patronage dividends and rewards through the co-op's credit card program.<sup>17</sup> The Board of Directors, elected by the members of the co-op, also play a role in determining how the co-op's profits beyond patronage are invested. For example, REI keeps approximately 30 percent of the net profits to return to the company for investment and growth. The remaining 70 percent, part of which is patronage, also is dedicated to supporting the co-op's mission of promoting an outdoor lifestyle.

The fourth principle of the cooperative model is autonomy and independence. This principle is clear that the ownership of the co-op is by the members, and while the co-op may choose to enter into agreements with other businesses or governments—for example to access financing—agreements do not change the autonomy of the co-op. This is an important principle to contribute to the stability for member-owners. For example, resident-owners of a housing cooperative determine the co-op fees to ensure the safety and maintenance of the co-op and that payments to its lenders can be made. This means residents are not at the whim of a landlord who can raise rent prices with each new lease. Some sectors engage more directly within government entities than others. For example, credit unions that engage in business lending are likely to embrace programs within the Small Business Administration to guarantee business loans or become a Certified Development Financial Institution (CDFI) to leverage funding from the Department of Treasury to support business development in disadvantaged communities. In the

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<sup>17</sup> “REI Co-Op Publishes 2019 Full-Year Financial Results.” REI Co-op, April 27, 2020. <https://www.rei.com/newsroom/article/rei-co-op-publishes-2019-full-year-financial-results>.

electric cooperative sector, many cooperatives borrow directly from the U.S. Department of Agriculture for programs that support energy, electric and, increasingly, broadband programs at affordable rates. The Electric Program alone is a loan portfolio of \$46 billion.<sup>18</sup> While these direct and guaranteed loans are made with the U.S. federal government, it does not grant the government an ownership stake in the co-op and therefore does not impact the co-op autonomy.

The fifth cooperative principle is education and training. This principle is important for both economic and social growth. Cooperatives provide training and educational opportunities to members, employees, and managers to support the continued development of the cooperative. This investment in its people is important for the economic success of the co-op, but also supports the growth of the member-owners in individual growth. The education and training offered by a cooperative can be instrumental in building transferrable skills to further expand the opportunities for member-owners. For example, at a worker cooperative, worker-owner may have the day-to-day responsibility of managing a cash register, but as an owner, also has a responsibility to learn and understand the cooperative's business plans and finances. Similar opportunity for growth exists in all cooperative sectors. For example, credit unions have an incentive to provide education and training opportunities to their employees so that they have the skills necessary to provide the best service to member-owners (account holders). The credit union also supports the education and training opportunities for its members to improve their financial literacy and build financial security through greater understanding of finance tools.

The six principle, cooperation among cooperatives, is a particularly defining feature embedded in this business model. Principle 6 embody the belief that cooperatives working

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<sup>18</sup> "Electric Programs." Rural Development. U.S. Department of Agriculture. Accessed March 22, 2021. <https://www.rd.usda.gov/programs-services/all-programs/electric-programs>.



together, “is the best strategy to empower their members and build a stronger co-op economy.”<sup>19</sup> The International Cooperative Alliance further describes this principle as the role of cooperatives to work with other cooperatives (and those within the movement) at the local, national, regional, and international levels. In the United States, this manifests through the formation of cooperative associations, with varying degrees of geographic and sectoral scope. This principle can also be as simple as two cooperatives working together—like a food cooperative featuring the products harvested by a farmer cooperative; or a credit union providing business services to a worker cooperative. This principle manifests internationally as well. For example, the Overseas Cooperative Development Council is composed of organizations that specialize in cooperative development across the globe, taking best practices from their respective sectors – agriculture, utilities, financial services being the most prominent – and helping people in marginalized communities establish and grow cooperatives. This work often centers on empowering the most disadvantaged members of a community, women and youth, and equipping them with the necessary skills to run a cooperative and serve their community.

Finally, the seventh principle—concern for community—distinguishes cooperatives once again from other business models. In a co-op’s genes is a goal of sustainable and stable growth in their community. Often this results in co-ops going above and beyond to meet the needs of the most marginalized community members. The member-owners prioritize the well-being of the community because they are often residents of the community and want to see it prosper.

These principles apply across type of cooperative, of which there are three main types: purchasing cooperatives, consumer cooperatives and worker cooperatives. Purchasing cooperatives include many agricultural cooperatives composed of farmers who collectively

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<sup>19</sup> “7 Cooperative Principles - Values of a Co-op.” National Cooperative Business Association CLUSA International, March 8, 2019. <https://ncbaclusa.coop/resources/7-cooperative-principles/>.

purchase goods and supply for their independent farms. Similarly, purchasing cooperatives can be comprised of independent small businesses in other sectors, prominent examples of which include ACE Hardware and Dunkin' Donuts. Worker cooperatives are a relatively small sector of the U.S. cooperative economy and are cooperatives whose owners are the employees.

Importantly, not all employees of a worker cooperative are necessarily owners, and employees often have a trial period before the co-op invites a worker to purchase a share to become a worker-owner. Consumer cooperatives are the most common type and include credit unions, mutual insurance, utility, retail food, and housing. These co-ops often serve a particular community by geography or other common characteristic among its members.

These principles demonstrate that cooperatives embody the economic and social principles sought after by the Founding Fathers, including ongoing education and democratic participation, self-help, collaboration, and concern for the well-being of others. James Madison also emphasized the importance of creating a more participatory society so that the views of all people were heard, particularly those in the minority.<sup>20</sup> Benjamin Franklin advocated for institutions that helped people fight against the constraints of the classes to which they were born. Having risen out of poverty himself, Franklin was also a founder of the first cooperative business in the United States, the Philadelphia Contributionship for the Insurance of Houses from Loss by Fire—a mutual insurance company still operating today.

The cooperative principles and their traits are fundamental to cooperative businesses, and it is therefore important to distinguish co-ops from other business models that are often grouped together. There are some similarities among these models, including being mission-driven, providing broad-based ownership opportunities or other tools to strengthen employee power, but

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<sup>20</sup> Madison, James. Federalist No. 10: "The Same Subject Continued: The Union as a Safeguard Against Domestic Faction and Insurrection." *New York Daily Advertiser*, November 22, 1787.

differences remain. These include: Employee Stock Ownership Plans, B-corps, collectives, and unions.

An Employee Stock Ownership Plan (ESOP) is very commonly grouped together with worker cooperatives under the term ‘employee ownership.’ ESOPs provide the opportunity for employees to earn ownership shares in the business at which they work as a tax-qualified retirement plan. Employee shares, held in a trust, are often awarded on the basis of time spent with the company. This means that workers at the company hold varying degrees of ownership within the employee trust, not equal amounts. There are other notable distinguishing characteristics from worker cooperatives. First, an ESOP does not necessarily mean a company is owned in full by the employees. In most cases, ESOP companies, the ESOP trust accounts for a small percentage of the company’s shareholders. The trust also does not necessarily have voting rights within the business, although employees at ESOP companies do have higher financial literacy and are more engaged with the business’s financials in comparison to companies without an ESOP.<sup>21</sup> According to the ESOP Association, there are 6,243 ESOP companies in the United States, accounting for 10.6 million people. ESOPs also tend to be higher revenue sectors, as the plans are more costly to set up and administer than a cooperative.<sup>22</sup>

Cooperatives, especially worker cooperatives, are also often confused with collectives. In a worker cooperative, there is traditionally still a hierarchy of employees, whereas a collective does not have a hierarchical management structure. A worker cooperative may choose to operate as a collective, but a collective is not necessarily incorporated as a cooperative. That is to say,

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<sup>21</sup> “What Is an ESOP?” The ESOP Association. <https://esopassociation.org/what-is-an-esop>.

<sup>22</sup> “ESOP Essentials.” The National Center for Employee Ownership. <https://www.nceo.org/esop-essentials>

cooperative indicates the structure of ownership, while collective describes the structure of management.<sup>23</sup>

Worker cooperatives also are sometimes conflated with labor unions. A labor union is defined as, “an organization of workers formed for the purpose of advancing its members' interests in respect to wages, benefits, and working conditions.”<sup>24</sup> Unions, again, do not reflect the ownership structure of a business, and may exist in publicly or privately held businesses to negotiate on behalf of members of the union. Cooperatives may also have unions, in which members are responsible for both electing management and electing a union committee to negotiate respective interests.<sup>25</sup>

As movements toward a more just economic system grow, there has been a rise of businesses identifying as ‘B Corporations.’ B corporations, or B Corps, represent that a business—regardless of ownership structure—has been independently certified as meeting certain requirements around governance, employees, community, and the environment.<sup>26</sup> As it relates to ownership, B Corps simply must be organized for-profit. Several cooperatives have pursued a B Corp certification, including Cabot Creamery Cooperative, Sno-Isle Food Co-op, Amicus Solar Cooperative, Just Coffee Cooperative, and Cooperative Home Care Associates, among others.<sup>27</sup>

Housing cooperatives are often grouped together with condominiums since both are multi-family residential buildings. At condominiums, residents purchase an individual unit

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<sup>23</sup> “What's the Difference between Cooperatives and Collectives?” Cooperative Development Institute, November 30, 2016. <https://cdi.coop/coop-cathy-coops-and-collectives-difference/>.

<sup>24</sup> In *Labor Union*. Merriam-Webster, n.d. <https://www.merriam-webster.com/dictionary/labor%20union>.

<sup>25</sup> Yi, Benjamin. “Union Co-Ops.” 1 Worker 1 Vote. The Democracy Collaborative, n.d. <http://1worker1vote.org/union-co-ops/>.

<sup>26</sup> “About B Corps.” Certified B Corporation. Accessed March 22, 2021. <https://bcorporation.net/about-b-corps>.

<sup>27</sup> “B Corp Directory.” Directory. Certified B Corporation. <https://bcorporation.net/directory?search=cooperative&industry=&country=United+States&state=&city=>.

within the building through a deed and become owners of that unit as well as a percentage of the common spaces proportional to the size of the unit relative to the whole structure. In comparison, resident-owners of a cooperative purchase a share of the cooperative corporation, not an individual unit. Before purchasing a share of the housing cooperative, an individual must apply with the Board of Directors to disclose financial and character information.

Lastly, purchasing cooperatives are often confused with franchises. A franchise enables an individual owner to do business under a corporation's name, trademark and services through a licensing agreement and payment of royalty fees.<sup>28</sup> Well known franchises include McDonalds, Two Men and A Truck moving company, and Marriott International hotels. In this arrangement, individual franchise owners are still subject to the governance of the corporation, often owned by a single business owner or investor shareholders. This is the key distinction from a purchasing cooperative, in which independent business owners similarly operate under the same trademark but are the collective owners of that trademark and reap the benefits of governing authority and collective purchasing to reduce costs. Some franchises do have a purchasing cooperative component among the individual franchise owners to meet the goal of reducing overhead expenses—like Dunkin' Donuts and ACE Hardware—but a franchise does not necessarily have a purchasing cooperative component. Moreover, purchasing cooperatives are not necessarily part of a franchise. For example, Blue Hawk Cooperative is a purchasing cooperative of 220 member-owners (businesses) to help independent Heating, Ventilation and Air Conditioning businesses more efficiently distribute necessary parts.<sup>29</sup> Similarly, Independent Pharmacy Cooperative is composed of more than 6,000 local pharmacies that help small pharmacies gain some of the

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<sup>28</sup> "What Is a Franchise?" International Franchise Association. <https://www.franchise.org/faqs/basics/what-is-a-franchise>.

<sup>29</sup> "Blue Hawk HVAC/R Distributor Cooperative." Home. <https://www.bluehawk.coop/>.

purchasing advantages to compete with the scale of competitors like Walgreens and CVS, among other benefits.<sup>30</sup>

Cooperatives are also sometimes confused for socialism because of their presence in countries like Cuba. Nevertheless, inherent in the co-op principle of autonomy shows these businesses are not socialist. A cooperative is autonomously owned and controlled by the shareholders, and a government body is not an eligible shareholder. Like other businesses, cooperatives do engage with government bodies—through loans, grants, or cooperative agreements—but that does not make a cooperative a socialist institution any more than a mom-and-pop small business using a Small Business Administration loan guarantee.

No business model is entirely perfect. Although this paper will demonstrate unique ways in which cooperatives outperform conventional businesses, there are limitations. First, cooperatives are democratically governed. The challenge to finding consensus and governing democratically can present challenges in any setting, including business. Democratic governance—a core principle—can at times slow down how key decisions are made, but this is because the business gives each member-owner a voice to express concerns. Second, as autonomously owned and controlled by the members of the cooperative, this prevents equity investments from outside stakeholders that can help a business grow rapidly. The vast majority of cooperatives remain small businesses because the member-owners remain focused on their needs and the needs of the community, rather than pursuing higher profits to return to shareholders, as is the drive for investor-owned businesses. The nature of remaining a small business is not a drawback of the model, rather continuing to serve the intention of the members. While most cooperatives remain small, it is also important to note that there are highly prominent

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<sup>30</sup> Vision and Mission. Independent Pharmacy Cooperative. <https://www.ipcrx.com/about-ipc/vision-and-mission>.

cooperatives that compete alongside mainstream businesses, for example, REI Co-op, Nationwide insurance, Equal Exchange coffees and fruits, Land O'Lakes, and ACE Hardware.

While at some points in the business cycle, a cooperative may be more challenging to govern, the value cooperatives hold in each person's voice also contribute to greater dynamism and innovation in the business. The people who see problems firsthand working on a manufacturing line or transporting goods to market have an equal voice in how the business operates and can more ably advocate for change within the business. Cooperative ownership also enables greater dynamism during economic turmoil.<sup>31</sup> Larger cooperatives with access to greater capital and equity can be as innovative or more than conventional firms because that innovation is driven by the interests and priorities of members, not necessarily or exclusively to increase shareholder returns. Particularly where cooperatives have robust business ecosystems accessing professional services and capital, cooperatives can further innovate. Often, this requires collaboration among cooperatives and cooperative member-owners to build this ecosystem when it is not as readily available in mainstream business environments.

### Upcoming chapters

Co-ops have been an important strategy to address economic and social challenges in our nation's history. They have provided a range of benefits related to economic and social mobility and create opportunity especially among the most disadvantaged groups primarily because as member-owned businesses, they are highly responsive to issues of greatest need and typically have low barriers to participation. For example, many credit unions require just \$5.00 to be a member-owner, many worker cooperatives allow employees to purchase shares by drawing small

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<sup>31</sup> Narvaiza, Lorea, Cristina Aragon, Cristina Iturrioz, Julie Bayle-Cordier, Sandrine Stervinou. Cooperative Dynamics During the Financial Crisis: Evidence From Basque and Breton Case Studies. *Nonprofit and Voluntary Sector Quarterly*, SAGE Publications, 2017, 46 (3), pp.505-524. [ff10.1177/0899764016661775ff](https://doi.org/10.1177/0899764016661775).

amounts from their paycheck over an extended period. The cooperative model is also more stable and resilient than other businesses because the risk is spread across many member-owners. In addition to this economic opportunity, the direct participation and governance by every member-owner improves social inclusion and strengthens the fabric of a community of people.

The disproportionate growth of cooperatives demonstrates the important role of government in community and economic development. Nationally, there has been the most growth across agricultural, utility, and financial services cooperatives. By no coincidence, this is relative to the level of support these cooperatives have at the federal level, especially at the U.S. Department of Agriculture providing tools cooperatives can use, in contrast to other federal agencies like the Small Business Administration and the Department of Housing and Urban Development. Part of USDA's mission includes a thriving rural America. After investments in the early 20<sup>th</sup> Century, cooperatives were fully integrated in the rural economy and subsequently USDA programs were written in a way to ensure their equal participation.

There is more variance at the state level. Support is as fundamental as having a cooperative statute under which cooperative businesses may incorporate. Municipalities also have an important role to play in facilitating local development, often in the form of allocating existing development resources or directing federal dollars to cooperative development. Cooperative growth is also incumbent upon other factors—most of which parallel other forms of community and economic development—with some additional important characteristics including having other cooperatives and cooperative associations in the area to support this type of growth.

Cooperatives may be applied to big policy challenges like housing or childcare, broadband or climate change; and capture emerging opportunities like platform/app-based and



clean energy jobs. The upcoming chapters will analyze the support at each level of government that enable or restrict a thriving cooperative economy, as well as the political support at the federal level.

The first chapter breaks down the factors at a local, state, and regional level that contribute to the growth of cooperative businesses. This research focuses on factors that contribute generally toward business and economic development and applies them to the cooperative sector.

The second chapter analyzes how federal support for certain sectors of cooperatives has been critical to the sector thriving compared to the lack of cooperative growth in sectors where federal support lacks. In agriculture, cooperatives are no exception to the consolidation that the sector as a whole faces, cooperatives are seamlessly weaved into the agriculture economy, including household brands like Ocean Spray, Land O'Lakes, Sunkist, and Blue Diamond. Yet in food and worker cooperatives, which operate as independent small businesses, are much more sparse.

The final chapter analyzes the rate of bipartisanship across all sectors of cooperatives in legislation in the United States Senate from the past ten Congresses. In addition to the issue area of the legislation, this research also looks at which policymakers include cooperatives in their policy proposals at higher rates. The paper concludes with recommendations for actions that can be taken at the local, state, and federal levels to enable more widespread use of the cooperative business model across sectors to expand ownership opportunities to more people and increase the long-term sustainability of local economies.

## **Chapter One**

### **What makes a strong cooperative ecosystem?**

According to the National Cooperative Business Association CLUSA International (NCBA CLUSA)<sup>32</sup> one of every three Americans is a member of at least one cooperative business. Yet membership to a cooperative is not distributed evenly across the United States—neither by sector nor by geography. Cooperatives are business organizations that are owned and governed by the members who use the business to meet an economic or social need. Co-ops operate on the basis of one member, one vote, so that each member has the same financial and governance stake.

Cooperatives provide numerous benefits to its member-owners. Some of these benefits may include stable, affordable housing in the case of a limited equity housing cooperatives; farm supply cooperatives provide farmers with more affordable prices; worker cooperatives generally provide higher wages and better benefits than non-employee-owned businesses; and credit unions provide more flexible products and charge fewer fees than conventional banks. These benefits can play an important role in helping people improve their economic and social condition in society. This research can support the work of both policymakers and community developers to use and promote the cooperative business model.

This chapter will analyze what factors lead to a greater presence of cooperatives regions of the United States. Specifically, the research will focus on the significance on state laws that enable cooperatives to incorporate, technical assistance providers, access to financing that is friendly to cooperatives, and community awareness of cooperatives, and conclude with a discussion on how these factors contribute to sectoral growth across the regions. This research will show that regions that have a higher presence of these factors will have a greater number of cooperative businesses. Appendix A represents how states are divided into the five regions:

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<sup>32</sup> The author is compelled to disclose that she is currently employed by NCBA CLUSA.

Northeast, Southeast, Midwest, Southwest and West. Notably, this research will not focus in depth on purchasing cooperatives, due to the unreliable data around identifying businesses that are members of a purchasing cooperatives. Nor will this research focus in depth on mutual insurance companies or farm credit lending institutions within financial services. Therefore, this research will focus primarily on the following sectors: agriculture, utilities, housing, food, and worker cooperatives.

There is no apples-to-apples research on this topic. There is not a great deal of cross-sector research on cooperative development and there are significant gaps in research on smaller cooperatives sectors, in particular worker and food (retail grocery) cooperatives. There is, however, research on factors contributing to greater regional development of businesses of all types. Therefore, this literature review will discuss both the factors that contribute to the success of regional economic development as well as the phenomenon of cooperative businesses in improving economic and social mobility. The following research will apply the economic development tools to the cooperative sector. Throughout the research, references made to ‘conventional firms’ in comparison to cooperatives encompass businesses including investor-owned and privately-held businesses.

### Literature Review

Although cooperatives exist in every state, the businesses are not distributed evenly across states or regions. Because there is not an ample amount of research across cooperative sectors, it is necessary to review the scholarship on both factors that contribute to regional business development, as well as the unique contributions of cooperative businesses.

Regardless of what sector of the economy they develop, cooperatives are a business model. Therefore, it is reasonable and useful to apply the existing research on business development to cooperatives. The United States prides itself on the role small businesses play in

driving economic growth. As of 2018, 99.9 percent of all U.S. businesses are classified as small businesses according to the United States Small Business Administration (SBA) standards, providing jobs to 47.5 of all private sector workers in the United States.<sup>33</sup>

Policymakers at the local, state, and federal level continue to advocate for policies believed to further support entrepreneurship. Each year, Congress appropriates millions of dollars to the SBA to create affordable financing options and fund technical assistance opportunities through the network of more than 900 Small Business Development Centers across the country.<sup>34</sup> In recent decades, policymakers have placed a greater emphasis on growing small businesses through a cluster approach.<sup>35</sup> Clusters can take shape within a specific industry, for example, technology startups, or can be based on geography by encouraging small businesses to start-up or relocate to a specific community. Sectoral clustering may help rapidly grow an industry by quickly increasing the number of experts in a specific sector. Geographic clustering may seek to revitalize a distressed community.

At the individual firm level, regional clusters contribute positively to firm start-up and survival. Research shows the increased success is attributable to both the economic conditions and social environment of being around growing businesses.<sup>36</sup> Clustering creates a more fertile business environment because it promotes coordination and understanding of best practices among businesses within the region. This approach also incentivizes supporting professional services to be located in the region, including technical assistance providers, tax professionals, engineers, or corporate cleaning services. Furthering progress on clustering economic

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<sup>33</sup> “2018 Small Business Profiles.” U.S. Small Business Administration, 2018.  
<https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>.

<sup>34</sup> “Financial Service and General Government, 2020.” U.S. Senate Committee on Appropriations, 2019.

<sup>35</sup> Bee, Ed. “Small Business Vitality and Economic Development.” Ebsco Host. *Economic Development Journal* 3, no. 3 (Summer 2004): 7–15.

<sup>36</sup> Wennberg, Karl and Göran Lindqvist. (2007). “How do entrepreneurs in clusters contribute to economic growth?”

development is coordinating small businesses with anchor institutions. Anchor institutions are typically universities or hospitals that are both a prominent social and economic factor in a region and have a vested interest in the long-term wellbeing of a region. Development surrounding anchor institutions, however, risks revitalizing the surrounding area without creating job opportunities at similar rates. Without policy guardrails, this has a potential consequence of rapid gentrification and displacing low-income individuals.<sup>37</sup>

In addition to a strategic approach, various incentives are offered by municipalities, states, economic development organizations and even businesses that have an interest in the success of the region. The incentives most depended upon for incentivizing small business development are favorable tax treatments and access to affordable capital.

Tax incentives to promote small business development have had successes and failures. Importantly, tax incentives are most effective when they favor the creation of new jobs, not the relocation of existing businesses.<sup>38</sup> Further, tax incentives are the most successful in spurring development when they are targeting a rapidly growing sector, create a strategic regional advantage in the economy, or to address blighted communities. Dalehite concludes that tax benefits should prioritize reaching the smallest small businesses and should ensure that “the benefits to local social and economic welfare exceeds the cost” of governments not receiving tax revenue the business would otherwise be paying. Increasingly, municipalities are including safeguards in policies that extend tax benefits to businesses that require a business to meet

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<sup>37</sup> Ehlenz, Meagan M. “Defining University Anchor Institution Strategies: Comparing Theory to Practice.” *Planning Theory & Practice* 19, no. 1 (February 2018): 74–92. doi:10.1080/14649357.2017.1406980.

<sup>38</sup> Dalehite, Esteban G. “Tax Incentives to Promote Economic Development: Should They Be Offered?” *Public Administration* (16484541) 1, no. 17 (March 2008): 36–42.

certain benchmarks in order to receive the tax benefit. Examples of these requirements include performance agreements, claw back clauses, and evaluation policies.<sup>39</sup>

For small businesses to start and grow, it is imperative to have access to the necessary financing and capital. The SBA is a major source of affordable financing for small business start-ups through, primarily through the 7(a) and 504 loan guarantee programs.<sup>40</sup> Providing a guarantee for small businesses incentivizes lending institutions to make these loans because up to 80 percent of the loan is secured by the federal government. These loan programs also feature small down payments and low interest rates that make the financing easier for entrepreneurs.<sup>41</sup>

To further promote business development, loan funds are also established by local and state governments, quasi-government entities like regional planning commissions, and even businesses that are especially committed to the long-term wellbeing of the business. For example, electric cooperatives are businesses owned and controlled by the consumers—residents and businesses—who live in the cooperative’s service area. It is more expensive to provide electricity across fewer households and businesses, so it is advantageous for the electric cooperative to have more consumers in their service area to lower costs of service, and therefore the electric co-op may establish a loan fund with low interest rates and advantageous terms to encourage businesses to locate in the co-op’s service area.<sup>42</sup> Similarly, rural communities benefit from having a more robust tax base and providing loans to small businesses can help entrepreneurs overcome one hurdle to business development. Loan funds create an avenue for

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<sup>39</sup> Sullivan, Daniel Monroe. “Local Governments as Risk Takers and Risk Reducers: an examination of business subsidies and subsidy controls.” *Economic Development Quarterly* 16, no. 2 (May 2002): 115. doi:10.1177/0891242402016002002.

<sup>40</sup> U.S. Library of Congress, Congressional Research Service, Small Business Administration 7(a) Loan Guaranty Program, by Robert Jay Dilger, R41146 (2020).

<sup>41</sup> O’Donnell, Mike. “A Simple Fix to Help Small Businesses Succeed.” *Northern Colorado Business Report* 17, no. 5 (December 2, 2011): 30–31.

<sup>42</sup> Jenkins, Tennille. “Revitalizing American One Community at a Time.” *Rural Telecommunications* 24, no. 6 (November 2005): 28–34.

governments and economic development organizations to actively seek out and attract new businesses with affordable capital.

Finally, regional economic development is supported by the role of business networks. These networks can be a formal contract that binds businesses together or can be in the form of associations that promote education, development, and advocate for a favorable policy environment.<sup>43</sup> Examples of these associations at the regional level include the San Diego Regional Chamber of Commerce and Florida's Regional Manufacturers Association. Associations also may be organized by demographic, including Black-owned, Latinx-owned, or women-owned businesses to share the same benefits as other types of associations.

Robust research exists around small business start-ups and early growth. However, very little research has been conducted either on a cross-sectoral basis.<sup>44</sup> Similar gaps in research exist across economic sectors of cooperative businesses. Nevertheless, building on the existing research of factors promoting business development, understanding the phenomenon of cooperatives within their sectors can help to draw reasonable conclusions as to how various factors have contributed to the growth or decline of cooperatives.

Benefits of cooperatives can be divided most readily into three categories by beneficiary: for member-owners, for the business itself, and for the local community and economy.

Wages at cooperatives are nearly equivalent to wages for equivalent work at conventional firms. In studies where wages at cooperatives averaged two dollars per hour less than similar jobs at conventional firms, research shows that the cooperatives chose slightly lower wages to benefit from greater employment stability and flexibility in wages compared to conventional

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<sup>43</sup> Besser, Terry L., and Nancy Miller. "The Structural, Social, and Strategic Factors Associated with Successful Business Networks." *Entrepreneurship & Regional Development* 23, no. 3/4 (April 2011): 113–33.

<sup>44</sup> Dobbs, Matthew and R.T. Hamilton. *International Journal of Entrepreneurial Behaviour & Research* Vol. 13 No. 5, 2007 pp. 296-322 q Emerald Group Publishing Limited 1355-2554.

firms.<sup>45</sup> Research where wages were slightly lower at cooperatives also coincided with workers enjoying greater job satisfaction in terms of hours and quality of teams.<sup>46</sup> Cooperatives experience greater job stability because the decisions regarding workforce are made collectively by the member-owners of the cooperative. In times of economic shock or downturn, cooperatives are more likely to adjust wages and hours, whereas conventional firms remain focused on the business's bottom line and are more likely to reduce the number of workers to accommodate the shock.<sup>47</sup> Wages are more likely to be slightly lower in skilled jobs, like manufacturing. However, wages are more likely to be slightly higher at cooperatives than conventional firms for jobs in agriculture and the service sector.<sup>48</sup> For example, in home care cooperatives, workers earn an average of \$0.54 more than counterparts at conventional firms. More notably, workers at home care cooperatives have a workforce turnover of approximately 38 percent, in comparison to the industry average of 82 percent.<sup>49</sup> The length of time a home care provider stays at a cooperative is nearly double the time the average provider works at a conventional home care company.<sup>50</sup> Yet because of the hurdles to starting a cooperative business, especially for low-skill workers, there remain relatively few home care cooperatives across the country. As of 2019, there were less than 30 co-ops in this sector.<sup>51</sup> Workers who are perceived to be low-skill face an uphill battle to forming any business, including a cooperative, despite its comparatively lower barriers.

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<sup>45</sup> Navarra, Cecilia, and Ermanno Tortia. "Employer Moral Hazard, Wage Rigidity, and Worker Cooperatives: A Theoretical Appraisal." *Journal of Economic Issues* 48, no. 3 (September 2014): 707–26. doi: <http://www.tandfonline.com/loi/mjei20>.

<sup>46</sup> Clemente, Jesus, Millan Diaz-Foncea, Carmen Marcuello, and Marcos Sanso-Navarro. "The Wage Gap between Cooperative and Capitalist Firms: Evidence from Spain." *Annals of Public and Cooperative Economics* 83, no. 3 (September 2012): 337–56.

<sup>47</sup> Bonatti, Luigi, and Lorenza A. Lorenzetti. "Why Wages Tend to Be Lower in Worker-Owned Firms Than in Investor-Owned Firms." *Annals of Public and Cooperative Economics* 89, no. 4 (December 2018): 563–79.

<sup>48</sup> Clemente.

<sup>49</sup> *2019 Home Care Cooperative Benchmarking Report: Quantifying the Cooperative Difference in Home Care*. Northampton, MA: ICA Group, 2020.

<sup>50</sup> Ibid.

<sup>51</sup> Ibid.



A significant number of home care providers are themselves receiving some form of federal assistance because of the incredibly low wages. Across all sectors, the pay ratio at worker cooperatives is approximately 2-to-1 of people in manager positions to people in staff positions.<sup>52</sup> In contrast, at conventional firms, the CEO to employee ratio has grown to 320-to-1.<sup>53</sup> In addition to the extensive demand for services, it is a difficult task to not only provide the direct care of the business but also own and run the business.

One factor that contributes heavily to the low workforce turnover in cooperatives is that the cooperative provides robust training opportunities to develop a variety of business and technical skills. In addition to the skills needed to carry out responsibilities in an employee's position, worker-owners are better versed in the cooperative's finances, understand the role of other jobs within the cooperative, and have opportunities for leadership within the cooperative.<sup>54</sup>

The cooperative business model is also beneficial to the business's bottom line. As owners of the business, the members are intrinsically motivated to see the business succeed. At worker cooperatives, employee motivation increases productivity and innovation to help the business succeed.<sup>55</sup> Low member-owner turnover also increases efficiencies for the business as members gain familiarity with the nuances of the business operations and have an ownership stake that enables them to voice recommendations for improvements for cost-cutting measures, innovations, or quality of life. The cooperative model is also beneficial to businesses in times of

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<sup>52</sup> Trott, Adam. Co-operative associations in North America. Halifax, Canada. Saint Mary's University International Centre for Co-operative Management Sobey School of Business, 2020.

<sup>53</sup> Mishel, Lawrence, and Jori Kandra. "CEO Compensation Surged 14% in 2019 to \$21.3 Million: CEOs Now Earn 320 Times as Much as a Typical Worker." Economic Policy Institute, August 18, 2020. <https://www.epi.org/publication/ceo-compensation-surged-14-in-2019-to-21-3-million-ceos-now-earn-320-times-as-much-as-a-typical-worker/>.

<sup>54</sup> Theodos, Brett, Leiha Edmonds, and Corianne Payton Scally. *Co-Ops Matter: the ABCs of Co-Op Impact*. Washington, DC: Urban Institute, 2018.

<sup>55</sup> Becchetti, Leonardo, Stefano Castriota, and Ermanno C. Tortia. "Productivity, Wages and Intrinsic Motivations." *Small Business Economics* 41, no. 2 (August 2013): 379–99.

economic downturns. As member-owners, there is greater flexibility in wages and working hours to ensure operations remain in the best long-term interest of the cooperative's member-owners.<sup>56</sup>

Finally, cooperatives benefit the interests of the local community and long-term economic development. Research found that cooperative businesses help to build social trust among member-owners and community, which build the long-term resilience of the business and local markets.<sup>57</sup> In recent years, there has been a rise in the number of multi-stakeholder cooperatives. This model has multiple classes of shareholders that could include some combination of workers, producers, consumers, and community members. Research also shows that cooperatives that have investment from the community further builds social trust and focuses the long-term wellbeing of the cooperative.<sup>58</sup> Schumann suggests that “there is a case to be made that sustainability must begin with the democratization and participation in decision-making structures that co-value social, ecological, and economic resources as development assets of both localities and nations,” and further emphasizes that this model supports economic development that is more equitable for all types of stakeholders.<sup>59</sup> Moreover, cooperatives are more likely than conventional firms to hire from the local labor markets and intentionally employ and provide opportunity for workers that are often disadvantaged or likely to be excluded from other labor pools.<sup>60</sup> Food cooperatives in particular have a strong historical presence in low-income and underserved communities to meet a market demand in food access. Food cooperatives then increase access to foods by purchasing goods in bulk and having lower price

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<sup>56</sup> Bonatti and Lorenzetti.

<sup>57</sup> Sabatini, Fabio, Francesca Modena, and Ermanno Tortia. “Do Cooperative Enterprises Create Social Trust?” *Small Business Economics* 42, no. 3 (March 2014): 621–41.

<sup>58</sup> Huybrechts, Benjamin, and Sybille Mertens. “The Relevance of the Cooperative Model in the Field of Renewable Energy.” *Annals of Public and Cooperative Economics* 85, no. 2 (June 2014): 193–212.

<sup>59</sup> Schumann, William. 2016. Sustainable development in Appalachia: Two views. *Journal of Appalachian Studies* 22 (1): 19–30.

<sup>60</sup> Clemente.

markups and reducing local unemployment.<sup>61</sup> Lastly, Putnam, in *Bowling Alone*, famously describes the power of associations in preserving and strengthening civil society and democracy.<sup>62</sup> While Putnam laments the decline in associations broadly across the United States since the nation's founding, cooperatives, as democratically-governed institutions, remain a beacon of light regarding the power of associations of people working toward a common goal.

Taken together, the research on factors contributing to regional business development and the phenomenon of cooperatives suggest that several factors collectively promote the success of businesses, including tax incentives and access to finance, technical and professional support, a strategic approach to development, a focus on the long-term interests of the local economy and its local stakeholders. The following research will analyze the factors supporting business development and apply them to cooperatives in the United States.

#### State cooperative statutes

The way in which businesses may or may not incorporate varies greatly by state. For cooperatives, states vary widely in the statutes that enable businesses to incorporate as cooperatives (Appendix B). All but three states have state laws for credit unions to incorporate as a business, with Delaware, South Dakota and Wyoming being the exceptions.<sup>63</sup> Credit unions may still serve in these three states if they are federally chartered.

Rural agricultural and electric utility cooperatives are easily incorporated under state laws, in part due to the reinforcing support from the federal government. According to the U.S. Department of Agriculture, there are 86 different state laws that farmers may use to incorporate

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<sup>61</sup> DePasquale, Dan. Surbhi Sarang, and Natalie Bump Vena, *Forging Food Justice Through Cooperatives in New York City*, 45 Fordham Urb. L.J. 909 (2018).

<sup>62</sup> Putnam, Robert D. 2000. *Bowling alone: the collapse and revival of American community*. New York: Simon & Schuster.

<sup>63</sup> Credit Union National Association. *Comparative Digest of Credit Union Acts: Powers Provisions from State Credit Union Acts*. Washington, DC, 2019.

as a cooperative business in states, and all 50 states have at least one law to enable agricultural cooperatives to incorporate.<sup>64</sup> Utility cooperatives may incorporate in 48 states to provide electricity, water, and/or telephone service.<sup>65</sup> As the need for reliable broadband has grown more prominent, several states have also enacted legislation to make clear that an electric cooperative may operate a subsidiary cooperative business to provide broadband services. The first state law of the kind was passed in Indiana in 2017, and there are six other states that have similar laws: Alabama, North Carolina, Georgia, Missouri, Tennessee, and Texas. To be sure, electric and telephone cooperatives in other states do expand their operations to provide broadband, but often create a for-profit subsidiary to the not-for-profit cooperative.

Outside of the largest sectors of cooperatives – agricultural, utility, and credit unions – cooperatives depend on a smattering of state laws to incorporate. Each law also varies on the minimum number of member-owners that are needed to form a cooperative business, with the lowest number being three member-owners. These laws vary greatly by state in purpose, sector, and other details. Thirty-four states have general cooperative business statutes that provide flexible enabling statutes for co-ops across sectors (Appendix B). There are 16 states that do not have a state statute that allows for the general incorporation of a cooperative business or association.<sup>66</sup> In the Northeast, four states without general statutes include: Delaware, Maryland, New Jersey, and Rhode Island. In the Southeast six states without general statutes include: Alabama, Florida, Georgia, Mississippi, Louisiana, and Tennessee--half the states in the region.

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<sup>64</sup> Baarda, James. *State Incorporation Statutes for Farmer Cooperatives*, Agricultural Cooperative Service, USDA, Cooperative Information Report. No. 30. (October 1982).

<sup>65</sup> National Rural Electric Cooperative Association. "Electric Co-Op Facts & Figures." America's Electric Cooperatives, June 24, 2020. <https://www.electric.coop/electric-cooperative-fact-sheet/>.

<sup>66</sup> Ibid.

In the Southwest, each state has a general cooperative business statute. In the West, Idaho lacks a general statute. And in the Midwest, every state has a general cooperative statute.

Cooperatives seeking to incorporate in states without general cooperative business statutes that do not fall within sectoral incorporation statutes (i.e., statutes specific to agricultural, utility, worker, or consumer cooperative businesses) are most likely to proceed by incorporating as another business form, for example a limited liability corporation, and choose to govern and operate the LLC on a cooperative basis of one member, one vote. The Midwest and to slightly lesser degree the Western United States have strong enabling environments for cooperatives. The Midwest can be tied closely to the regional economy's agricultural roots. Farmers drove the economy and more people were familiar with the cooperative model and applied it to other enterprises. In contrast, the Southeast falls far behind other regions in enabling laws for cooperatives, particularly for cooperatives in smaller sectors. The Federation of Southern Cooperatives, a cooperative of Black farmer cooperatives in the Southeast, argues that a major reason for the lack of enabling laws is precisely because cooperatives are used as a tool by disadvantaged communities. Cooperatives are "too potent of a competitor to the traditional model of business," that preventing laws from passing that support cooperatives keeps the businesses and those they serve in a disadvantaged position in the marketplace.<sup>67</sup>

#### Cooperative technical assistance providers and educators

There is very limited research available on the impact of cooperative development technical assistance providers on the growth of cooperatives. In the 1970s and 80s there was an influx of technical assistance providers that focused on supporting farmers and producer

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<sup>67</sup> Tremblay, Caroline. "Radically Rural: Co-Ops – a Key to Rural Resiliency." The Daily Yonder, November 10, 2020. [https://dailyyonder.com/radically-rural-co-ops-a-key-to-rural-resiliency/2020/11/10/?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=11-11-2020&mc\\_cid=75a3dc4f97&mc\\_eid=a7f0a87c8d](https://dailyyonder.com/radically-rural-co-ops-a-key-to-rural-resiliency/2020/11/10/?utm_source=newsletter&utm_medium=email&utm_campaign=11-11-2020&mc_cid=75a3dc4f97&mc_eid=a7f0a87c8d).

cooperatives develop ‘value-added’ activities.<sup>68</sup> Most Value-Added Producer Centers are associated with a land-grant university, in which staff were split between the centers and more traditional university jobs. With changing demands from the region, some centers have adapted to serve economic development needs more broadly, and some have chosen instead to focus more on research rather than business development. While research linking the role of universities with regional economic development extends beyond just cooperative businesses, the research does show that there is a considerable positive impact where universities play a role in economic development. This research concludes that the human impact and economic impact justifies the continued interest and investments from state and local officials.<sup>69</sup> Eleven cooperative development organizations are affiliated with public land-grant universities and are relatively evenly distributed across regions.

Like other businesses, technical assistance is necessary to help a cooperative form a business plan, conduct a feasibility study, legally incorporate, establish governing guidelines, and other steps to create a strong business foundation. Many conventional small businesses depend on the network of government-funded Small Business Development Centers—affiliates of the U.S. Small Business Administration—for these services. Most traditional business developers and SBDC staff do not have the expertise to provide assistance to cooperative businesses. Nonetheless, there is a growing list of technical assistance providers that have practice areas exclusively or in part in cooperative business development.

There are fifteen organizations that provide technical assistance without regard to geography. These organizations are a range of non-profits, foundations, associations, and

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<sup>68</sup> Holcomb, Rodney B. and Aaron Johnson. “A Review of Value-Added Centers: Objectives, Structures, Staffing and Funding.” *Journal of Agricultural and Applied Economics*, 39:2 (August 2007) 401-410.

<sup>69</sup> Drucker, Joshua and Harvey Goldstein. “Assessing the Regional Economic Development Impacts of Universities: a review of current approaches.” *International Regional Science Review* (January 2007) Vol. 30, No. 1: 20-46.

cooperatives. Similarly, there are non-profits, foundations and associations that provide technical assistance to cooperative businesses within geographic regions (Appendix C). The Midwest far exceeds other regions with 33 cooperative development organizations. Within the Midwest, Minnesota is home to nine cooperative development centers—the most of any state in the region and in the country. While the Southeast has 23 cooperative development organizations, seven states have zero or one cooperative development organization. Many states in the region depend on the support of the Federation of Southern Cooperatives/Land Assistance Fund, which operates in 13 states in the Southeast, with the primary goal of serving Black farmers and ranchers, as well as general cooperative development. In the Northeast, there are 22 cooperative development organizations, 12 of which are located in New York. This is a high density of cooperative development organizations relative to the geographic size of the region and compared to the density in other regions. The West has 18 cooperative development organizations, and the Southwest has just three cooperative development organizations to serve the region.

These cooperative development organizations come in many forms and are supported by different funding mechanisms. On average, 30 cooperative development organizations are grant recipients of the U.S. Department of Agriculture Rural Cooperative Development Grant to provide technical assistance to co-ops in communities with 50,000 people or fewer. For the last ten years, the RCDG program has been appropriated \$5.8 million dollars and each organization has been awarded up to \$200,000. A companion program for socially disadvantaged groups also provides a small amount of funding to between 20 and 30 cooperative development organizations each year to provide technical assistance for cooperative development in rural communities to minorities or other historically disadvantaged populations. Montana is the only state that provides direct appropriations to a cooperative development organization. Montana

Cooperative Development Center is included as one of 12 economic development organizations that Montana supports with state funding. There is also a growing number of municipalities that have established a small grant program to provide technical assistance toward cooperative development. Some municipalities, like Santa Clara, California, and New York City, stipulate that the municipal funds be used toward the development of worker cooperatives. Other municipalities provide funding for technical assistance to be used across all sectors of cooperative development, including housing, grocery, worker, and purchasing cooperatives, as is the case in Madison, Wisconsin and Philadelphia, Pennsylvania.

Finally, statewide employee ownership centers are increasing across the country. Under the mission of ‘employee’ ownership, these centers generally only provide cooperative development services for worker cooperatives.

#### Access to finance

According to the U.S. Chamber of Commerce, affordable capital remains the biggest hurdle for entrepreneurs of all types.<sup>70</sup> Because most cooperatives are small businesses, averaging between five and 50 employees,<sup>71</sup> and the comparative lack of awareness of financing a cooperative business in relation to a conventional firm, many major banks do not have lenders experienced in working with cooperatives. Like the network of cooperative development organizations, so too is there a network of cooperative lending institutions (Appendix D).

It is important to note that once again, in cooperative sectors that have grown to scale, there is robust direct financing and guarantee financing available to them through lending networks and the federal government. In addition to the U.S. Department of Agriculture, the

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<sup>70</sup> Millsap, Adam A. “Small Businesses Need Access To Capital To Power Recovery.” Forbes. Forbes Magazine, October 6, 2020. <https://www.forbes.com/sites/adammillsap/2020/10/06/small-businesses-need-access-to-capital-to-drive-recovery/?sh=1f017a53591a>.

<sup>71</sup> “Worker Cooperative FAQ.” Democracy at Work Institute, n.d. <https://institute.coop/worker-cooperative-faq>.



primary source of funding for agriculture cooperatives is Farm Credit lending institutions. The Farm Credit Act was critical to helping farmers survive the economic impacts of the Great Depression by providing affordable capital to stay in business.<sup>72</sup> Farm Credit banks have specific regions to which they provide capital to farmers and may also provide financing to utility cooperatives for infrastructure projects and other credit needs. CoBank, one of the four Farm Credit banks, is the only bank to have a national charter across rural America to provide financing support for infrastructure and business development, including cooperatives.<sup>73</sup> For non-agriculture and non-utility cooperatives, businesses depend on the network of national and local cooperative financing. In addition to CoBank, there are nine lending institutions or funds that seek to serve cooperatives across the country. However, these organizations vary widely by type of cooperative, primarily among housing, worker, and food cooperatives.

Several of the lenders are also Community Development Financial Institutions (CDFIs). This designation is applied to a variety of financial institutions ranging from banks and credit unions to non-profit loan funds. CDFIs are eligible for additional funding opportunities from the U.S. Department of Treasury CDFI fund to meet community development needs in low-income communities.<sup>74</sup> The local focus of CDFIs is closely aligned with the hyper-local nature of many small cooperative startups.

Of the 41 local and regional lenders that are friendly to cooperative businesses, 14 are concentrated in the Northeast, nine of which are located in Maine with a mix of both sector specific lending and cross-sector lending to cooperatives. The West has 12 cooperative-friendly

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<sup>72</sup> “History of FCA.” History of FCA | Farm Credit Administration. Accessed November 21, 2020. <https://www.fca.gov/about/history-of-fca>.

<sup>73</sup> “About CoBank.” CoBank. Accessed November 21, 2020. <https://www.cobank.com/corporate/about>.

<sup>74</sup> Community Development Financial Institution Fund. *What Are CDFIs?*, n.d. [https://www.cdfifund.gov/Documents/CDFI\\_infographic\\_v08A.pdf](https://www.cdfifund.gov/Documents/CDFI_infographic_v08A.pdf).

lenders in the region, but they are highly concentrated in Colorado and Washington. The Midwest and Southeast have an unremarkable presence of co-op friendly lending institutions, with six and nine, respectively serving the regions. Notably, there are no lending institutions friendly to cooperatives that are headquartered in the Southwest United States.

Accessing finance is a major need in the formation and growth of any business. Cooperatives face an additional hurdle of difficulty accessing capital from traditional lenders, many of whom are unfamiliar with underwriting loans to cooperatives. Instead, cooperatives depend upon a network of lenders specializing in and primarily serving cooperative businesses. Most of these lenders have a hyper-local focus, therefore it is additionally challenging for cooperatives outside of these local regions to find any source of cooperative friendly financing.

To address the challenge of accessing capital, some cooperatives have successfully advocated for state legislatures to pass laws enabling a hybrid business model called a Limited Cooperative Association (LCA). An LCA allows for outside investors to hold and earn equity in the cooperative, contrary to the traditional cooperative model. The LCA laws, like traditional cooperatives, vary extensively by state. As this model seeks to capitalize on the benefits of both a cooperative and a Limited Liability Corporation, the variables provide different degrees of patronage, limits, voting rights and opportunity to be a member of the organization's Board of Directors.<sup>75</sup>

#### Local, state, and regional co-op associations

Associations of all types provide important benefits to its members. For associations of cooperatives, the benefits range from educational opportunities and certifications,<sup>76</sup> shared

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<sup>75</sup> Pitman, Lynn. University of Wisconsin-Madison. *Limited Cooperative Association Statutes: An Update*. Madison, WI: Center for Cooperatives, April 2008. <https://resources.uwcc.wisc.edu/Legal/LimitedCoopAssoc.pdf>

<sup>76</sup> "The Development Education (DE) Program." National Credit Union Foundation, October 29, 2020. <https://www.ncuf.coop/development-education/program/>.

services<sup>77</sup> and benefits programs,<sup>78</sup> and advocacy and lobbying efforts. Cooperative associations also create greater awareness of cooperative businesses and promote coordination among cooperatives. Many cooperative associations or their affiliated charitable foundation also provide technical assistance to existing cooperatives or to start-up cooperatives.

NCBA CLUSA is the apex association for cooperative businesses in the United States, representing cooperatives of all types in every sector. While the organization's advocacy work focuses primarily at the federal level, NCBA CLUSA also supports state and local policy efforts. There are also 12 associations that are the apex for their respective sector,<sup>79</sup> for example the National Rural Electric Cooperative Association, the National Cooperative Grocers, and the U.S. Federation of Worker Cooperatives. National associations also exist for professionals within cooperative organizations, for example the Association of Cooperative Educators, Cooperative Communicators Association and Cooperation Works. These groups prioritize provide education and training opportunities to further best practices of cooperative businesses, and advocacy efforts primarily at the state and federal level to ensure that legislation protects and promotes cooperative business development and growth.

Associations are much more evenly split across regions than previous factors contributing to cooperative development that were discussed. However, nearly two-thirds of all associations are concentrated among credit unions, electric cooperatives, and agricultural cooperatives. When these associations are removed, the remaining one-third of associations represent worker cooperatives, food cooperatives, housing cooperatives or are general cooperative business

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<sup>77</sup> "Benefits & Support." US Federation of Worker Cooperatives, n.d. <https://www.usworker.coop/benefits/>.

<sup>78</sup> "Employee Benefits." National Rural Electric Cooperative Association, February 5, 2018. <https://www.cooperative.com/programs-services/Employee-Benefits/Pages/default.aspx>.

<sup>79</sup> West, Esther J. *Cooperative Associations* National Cooperative Resource Ecosystem. University of Wisconsin Center for Cooperatives. Madison, WI, 2020. [https://resources.uwcc.wisc.edu/Research/UWCC\\_National\\_Resource\\_Ecosystem\\_Associations\\_May2020.pdf](https://resources.uwcc.wisc.edu/Research/UWCC_National_Resource_Ecosystem_Associations_May2020.pdf).

associations. These 45 associations are split somewhat evenly among the Northeast, Midwest and Southeast – with 12, 12, and 11 associations, respectively. Without the major sectors, the West has just nine associations, concentrated in California, and the Southwest has just one association for cooperative businesses located in Austin, Texas.

Notably, in eight of the ten municipalities with a cooperative business association, there is also municipal funding for cooperative development through financing or technical assistance. Several localities with cooperative associations have also implemented business development strategies around preserving businesses owned by Baby Boomers using cooperative conversions, in which the employees, consumers, and/or community form a cooperative to purchase the business from the retiring owner. This preserves the business, access to goods and services provided to the community, and jobs provided by the business.

#### Sectoral and demographic presence

Based on these factors—state statutes, technical assistance, access to co-op friendly capital, and co-op associations—this section will review the presence of cooperatives within their individual sector: agriculture, utilities, housing, retail grocery, and worker cooperatives.

***Agriculture.*** Across all regions of the United States, rural areas have a high density of cooperatives, primarily driven by economic pressures in our nation’s history when agriculture was the largest economic sector. Farmers formed cooperatives to collectively market their goods in industrialized communities.<sup>80</sup> These marketing cooperatives allowed farmers to share in the cost of transporting their goods to market and other expenses associated with selling their products. As farmers found success in this model, there was a subsequent growth in farmer supply cooperatives. Supply cooperatives are a cost-effective strategy for farmers to reduce costs

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<sup>80</sup> Pitman, Lynn. University of Wisconsin-Madison. *History of Cooperatives in the United States: An Overview*. Madison, WI: Center for Cooperatives, 2018. [https://resources.uwcc.wisc.edu/History\\_of\\_Cooperatives.pdf](https://resources.uwcc.wisc.edu/History_of_Cooperatives.pdf)

by collectively purchase seeds and other supplies needed to grow their products and combat rising prices. The growth in farmer cooperatives was supported by enabling legislation including the Capper-Volstead Act, and subsequent programs at the U.S. Department of Agriculture that support lending and loan guarantees to cooperatives. Today, according to the USDA Economic Research Service, there are 2.05 million farms operating in the United States (Appendix E).<sup>81</sup> There are approximately 3,000 farmer cooperatives currently operating in the United States, to which 1.9 million farmers belong to at least one.<sup>82</sup> The high rate of participation can demonstrate that the cooperative model provides benefits to farmers and promotes continued participation. Research also suggests that cooperatives play an important role in regional food systems, with reach beyond hyper-local food systems. Cooperatives can help farmers build a resilient regional food system by maintaining the best interest of the local stakeholders while also balancing a national scale to meet certain demands.<sup>83</sup>

**Utilities.** Following the success of farmer cooperatives adapting to the economic changes brought on by industrialization, the federal government again turned to cooperatives to solve an enormous challenge: reliable, affordable electricity. Electric co-ops grew rapidly. In the span of 25 years, electric cooperatives grew the percentage of rural homes and businesses with access to electricity to over ninety percent, from just 10 percent before the New Deal was signed into law in the 1930s.<sup>84</sup> Today, 56 percent of the United States land mass is served by electric cooperatives, across 48 states, but only accounting for approximately 11 percent of the nation's

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<sup>81</sup> "Farming and Farm Income." USDA ERS - Farming and Farm Income. U.S. Department of Agriculture, n.d. <https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/farming-and-farm-income/>.

<sup>82</sup> Ibid.

<sup>83</sup> Oldfield, Michaela. "Farmers' Cooperatives to Regionalize Food Systems: a critique of local food law scholarship and suggestion for critical reconsideration of existing legal tools for changing the U.S. food system." *Environmental Law*. Vol. 47, No. 1 (Winter 2017), pp. 225-259.

<sup>84</sup> "History: the story behind America's electric cooperatives and NRECA." The National Rural Electric Cooperative Association. <https://www.electric.coop/our-organization/history/>.

population (Appendix F).<sup>85</sup> A growing number of electric cooperatives are expanding their services, with the support of federal programs, to implement broadband in their service areas.

**Housing.** Cooperative housing has ebbed and flowed throughout U.S. history, is most often led by municipal decisions. Housing cooperatives are organized by four types: market rate, limited equity housing, student housing, and resident-owned communities.

Market rate cooperatives compete in the real estate market similar to condominiums. The most significant distinction between the two forms is that cooperative resident owners own a share of the overall complex and with the purchase obtain sole rights to a particular unit within the property. Cooperative resident-owners pay toward the underlying mortgage of the property separate from costs associated with the individual unit. In contrast, condominium owners are the sole owners of the inside of their unit, and the overall building is owned by another entity.

Limited equity housing cooperatives are a tool for community economic development. More than half of all limited equity housing cooperatives in the United States are located in New York City.<sup>86</sup> They are a mix of market rate cooperatives and limited equity cooperatives, a tool for affordable housing. Washington, D.C., Chicago, Western Washington, and Minneapolis have the next highest concentrations of housing cooperatives. The United States has seen a decline in affordable housing cooperatives in recent decades, totaling less than 200,000 units.<sup>87</sup> This is in part due to a divestment at the federal level both in financing and insurance support for cooperative housing and programs that provide assistance to housing cooperatives. Research shows that limited equity housing cooperatives also provide non-economic benefits to low- and

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<sup>85</sup> “Electric Co-op Facts & Figures.” America’s Electric Cooperatives. National Rural Electric Cooperative Association, April 23, 2019. <https://www.electric.coop/electric-co-op-facts-figures-2019/>.

<sup>86</sup> “About Cooperatives.” National Association of Housing Cooperatives. <https://coophousing.org/resources/general-cooperative-information/about-cooperatives/>.

<sup>87</sup> Reynolds, Kathryn. “Creating Permanent Housing Affordability: Lessons From German Cooperative Housing Models.” *Cityscape*, Vol. 20, No. 2, U.S. Department of Housing and Urban Development The Housing-Health Connection (2018), pp. 263-276. <https://www.jstor.org/stable/10.2307/26472178>.

moderate-income households. Specifically, residents value the collective mindset of tending to their property and hold in high regard the esteem of being the property owners.<sup>88</sup> Limited equity cooperatives, as the name suggests, limits the amount a property may increase in value. This differentiates limited equity housing cooperatives from market rate cooperatives, and the intent is to maintain affordability, both to lower barriers to participation in this form of ownership and when a resident-owner leaves the limited equity housing co-op, the same opportunity for affordable housing ownership is available to another low-income household. Limited equity housing cooperatives are not intended to help a person accumulate wealth, but rather intended to provide housing security at a relatively low cost to build modest financial security and attain other benefits of staying in place such as maintaining a job or ensuring a child can remain enrolled in the same school throughout their educational career.

In addition to providing an affordable option for low-income residents, housing cooperatives are also an affordable option for college students.<sup>89</sup> There are currently at least 75 student housing cooperatives in the United States.<sup>90</sup> A limited report of nine student housing cooperatives showed that the cost of living in a student housing cooperative pays between 35-51 percent of the cost for living compared to students not living in student housing cooperatives.<sup>91</sup> Nationally, approximately 1.5 million people are a member of a housing cooperative.<sup>92</sup> Student housing co-ops, by their very nature, have a higher presence near universities. Cooperatives are designed for long-term sustainability. This factor is a challenge to the vast presence of housing

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<sup>88</sup> Lawton, Julie D. "Limited Equity Cooperatives: the non-economic value of homeownership." *Journal of Affordable Housing and Community Development Law*. 23, no. 3/4 (April 2015): 393-425.

<sup>89</sup> Morris, Betsy. "Making Cohousing Affordable: Strategies and Successes." *Communities*, no. 158 (Spring 2013): 36-75.

<sup>90</sup> "Our Members." Member Directory. North American Students of Cooperation, July 10, 2018. <https://www.nasco.coop/member-directory>.

<sup>91</sup> "The Case for Affordable Student Housing Co-Ops." NASCO. North American Students of Cooperation, May 18, 2018. <https://www.nasco.coop/development/case-for-co-ops>.

<sup>92</sup> "Housing Co-ops." Cooperatives for a Better World, n.d. <https://betterworld.coop/sectors/sector-housing/>.

co-ops in college communities, where students only intend to stay for a short period of time and often are not very concerned with the long-term preservation of affordable housing. Not only are students a more transient population—with many students living in different housing accommodations each year of school—it cannot be discounted that the political force of for-profit developers is more organized and present with local, state, and federal lawmakers, that enable the development of corporate-owned housing.

The final form of cooperative housing is resident-owned communities, “a neighborhood of manufactured homes that is owned by a cooperative of homeowners who live there as opposed to an outside landlord.”<sup>93</sup> That is, the land is owned by a cooperative corporation and the residents of the manufactured homes are equal owners. This model began increasing in 2008 and there are now an estimated 1,000 resident-owned communities in the country, accounting for two percent of all manufactured housing communities. Resident-owned communities are still a relatively recent development and are only present in 14 states; however, there is clear clustering of resident-owned communities, even within geographic regions, most apparent in the Pacific Northwest, upper Midwest, and the New England area of the Northeast.<sup>94</sup> In New Hampshire, for example, approximately 20 percent of all manufactured homes are part of a resident-owned community.<sup>95</sup> The high number of co-op technical assistance providers and access to co-op friendly capital in New England contributes to this growth. Much of the development around resident-owned communities happens through conversions of existing neighborhoods owned by a landlord to the residents. Research shows that ownership of manufactured home communities

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<sup>93</sup> “What’s a ROC? How Is It Different?” ROC USA®, May 20, 2020. <https://rocosa.org/whats-a-roc/>.

<sup>94</sup> Catto, Chelsea. “Organizational Profile: Manufactured Housing Cooperatives: Innovations in Wealth-Building and Permanent Affordability.” *Journal of Affordable Housing & Community Development Law* 26, no. 1 (January 2018): 13–21.

<sup>95</sup> Varum, Steve. “Co-op Conversions Help Bring Security to Manufactured Housing Owners.” *Rural Cooperatives* 80, no. 1 (January 2013): 28–42.



appreciates for owners at rates comparable to conventional housing.<sup>96</sup> Historical stigma against manufactured homes resulted in zoning laws that prohibit these houses in many places and is a contributing factor to higher densities in certain regions in the United States.<sup>97</sup>

**Retail grocery.** Most food cooperatives are owned by hundreds to thousands of consumers who shop there. While most are open to all customers, member-owners typically receive additional benefits while shopping. Food cooperatives exist in both urban and rural communities and are typically formed to address market failure. There are increasing efforts to launch food cooperatives in rural communities that are facing closures of family-owned small grocery stores. In their place, big box stores like Dollar General often open.<sup>98</sup> However, communities are left with limited access to fresh foods. In this case, the community organizes to form a consumer-owned retail grocery store, commonly called a food cooperative. The two most common failures are lack of healthy foods or lack of any fresh grocery store. In addition to addressing a market failure, another common reason for a food cooperative to be formed is the desire by a community to have greater choice in food access. For example, some food cooperatives specialize in providing organic foods. Access to healthy food remains a key determinant of health outcomes. Several case studies show that food cooperatives also serve as a community and education center for its members.<sup>99</sup> A food cooperative takes on average, three to five years to start-up, far longer than a conventional grocery store.<sup>100</sup> However, according to the Cooperative Grocer Network,

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<sup>96</sup> Boehm, Thomas P. and Alan Schlottman. "Is Manufactured Owned Housing a Good Alternative for Low-Income Households? Evidence From the American Housing Survey." *Cityscape*, 2008, Vol. 10, No. 2, Homeownership Experience of Low-Income and Minority Households (2008), pp. 159-224.

<sup>97</sup> Mandelker, Daniel R. "Zoning Barriers to Manufactured Housing." *The Urban Lawyer*, Spring 2016, Vol. 48, No. 2 (Spring 2016), pp. 233-278.

<sup>98</sup> Healy, Jack. "Farm Country Feeds America. But Just Try Buying Groceries There." *The New York Times*. The New York Times, November 5, 2019. <https://www.nytimes.com/2019/11/05/us/rural-farm-market.html>.

<sup>99</sup> Shrank, Zachary. "Putting Money Where My Mouth Is: Motivations and experiences among food co-op members." *Journal of the Indiana Academy of the Social Sciences*, vol. 21, no. 1, May 2018, pp. 153–170.

<sup>100</sup> Reid, Stuart. "FAQ." Food Co-op Initiative, n.d. <https://www.fci.coop/faq/>.

extreme cases can take up to ten years. The primary reason for the long start-up period is the extended fundraising and membership building the co-op must do to raise the capital to finance the store. As of 2019, there were 329 food cooperatives in operation in the United States, as well as at least 83 food cooperatives in the start-up process.<sup>101</sup> Food cooperatives are most prevalent along the West coast, in the Midwest and in New England. For their limited number, food cooperatives have a robust network of technical assistance support by local and national technical assistance providers. Food co-ops also play an important role in the community and as a driver of economic development compared to conventional grocery stores, including purchasing, and selling significantly more locally sourced foods, promote sustainable practices, donate more food per year to food pantries, and many offer educational programming.<sup>102</sup> Despite the progress, access to capital, land or building space, and awareness of the cooperative model remain barriers to their development.

***Worker cooperatives.*** Worker cooperatives are highly clustered, primarily in urban cities including New York City, New York; San Francisco, California; Madison, Wisconsin; and Boston, Massachusetts. As of 2019, there are 465 known worker cooperatives.<sup>103</sup> Nearly 40 percent of all worker co-ops were majority Latino workers; 13 percent majority Black worker and 41 percent majority white workers. Relatedly, there are approximately as many worker co-ops on the island of Puerto Rico as there are in all rural communities combined.<sup>104</sup> A major barrier is the lack of financing at the U.S. Small Business Administration and the subsequent lack of free technical assistance at Small Business Development Centers. Instead, the financing

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<sup>101</sup> Steinman, Jon. *Grocery Story: the Promise of Food Co-Ops in the Age of Grocery Giants*. Gabriola Island, BC, Canada: New Society Publishers, 2019.

<sup>102</sup> DePasquale.

<sup>103</sup> Democracy at Work Institute. *2019 Worker Cooperative Economic Census*. Oakland, CA: 2019.

<sup>104</sup> Ibid.

mechanisms to support worker cooperatives are made available by state and local government, which is a major contributing factor to the high density of worker cooperatives in cities or states that provide financing.<sup>105</sup> Worker cooperatives are particularly valuable to traditionally disadvantaged groups, especially women of color.<sup>106</sup> As democratically-governed businesses, cooperatives provide workers with agency over decision-making and governance, and is a tool to combat income inequality, as worker co-ops typically provide better wages and benefits than non-employee-owned businesses. In 2019, the average wage for worker co-op members was \$19.67, more than \$12 above the national minimum wage. With a strong emphasis on inclusion and wealth building, many communities are turning to worker co-ops to create economic opportunity, preserve existing businesses and keep wealth local through legacy business initiatives designed to help a retiring business owner sell to employees by providing free technical assistance and affordable financing to fill the gaps left by the SBA.<sup>107</sup>

### Conclusion

Because of the challenges described regarding state statutes, it is impossible to quantify and verify the exact number of cooperative businesses that are currently operating the United States. Cooperative sectors that exist relatively evenly across the United States are able to do so in large part due to their development and growth that state statutes enable. In sectors where there is clustered growth, the factors described in this research are of increasing importance. As the literature shows, businesses are likely to grow when both the economic *and* social conditions empower them to thrive. Cooperatives benefit from having enabling legislation to operate as a

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<sup>105</sup> Arana, S. (2018): “The scarcity of worker cooperatives in the USA: enquiring into possible causes”, CIRIEC-España, Revista de Economía Pública, Social y Cooperativa, 92, 39-60.

<sup>106</sup> Baskaran, Priya. “Introduction to Worker cooperatives and their role in the changing economy.” Journal of Affordable Housing & Community Development Law, Vol. 24, No. 2 (2015), pp. 355-381. <https://www.jstor.org/stable/10.2307/26408170>.

<sup>107</sup> Democracy at Work Institute. *Legacy Business Initiative*. Oakland, CA: 2017.

cooperative business. When statutes are in place, there is a likelihood of technical assistance for cooperative development and cooperative-friendly capital to be easily accessible in the region. Cooperatives also flourish when there are networks of cooperative businesses to support further development of more cooperatives and help existing cooperatives thrive. For example, the Midwest has a long history of cooperatives in agriculture and have a high volume in each of the factors that contribute to cooperative business development. New England and the West has high densities of technical assistance providers, access to co-op friendly capital, and deep networks of local co-ops, subsequently furthering more co-op development. To a lesser extent, the Southeast does not have laws that enable co-ops to incorporate, nor does the region have as high levels of professional services or capital and has resulted in fewer co-ops across all sectors being formed in the region. In contrast, the South has a low number of technical assistance providers, co-op friendly capital, enabling statutes, and associations, and as a result has fewer number of cooperatives across all sectors. It is important to note that the factors that help to determine cooperative business growth are factors that are a given for conventional types of businesses. Therefore, it is not to say that cooperatives need some inherently different tools or programs to establish and grow than other types of businesses, but rather that other types of businesses readily have access to tools and services that cooperatives do not.

## **Chapter Two**

### **Federal policy implications on cooperative development: a comparison**

Cooperative businesses are a century-old tool in the United States to help solve vast public policy challenges. Co-ops are democratically governed on a one member, one vote basis.<sup>108</sup> This structure gives member-owners a voice in the operations of the business and

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<sup>108</sup> “7 Cooperative Principles - Values of a Co-op.” National Cooperative Business Association CLUSA International, March 8, 2019. <https://ncbaclusa.coop/resources/7-cooperative-principles/>.

enables the people to earn equally the profits they help to create, improving both the economic and social mobility of member-owners. Recognizing these benefits, cooperative businesses across all sectors of the economy receive a preferential tax treatment. Yet important differences across federal agencies exist that have contributed to the vast growth of cooperatives in some sectors, and stalled cooperative growth in others. Despite this business model being older than the agencies administering programs, some federal programs are administered with regulations that prohibit cooperative businesses from participating.

This chapter will analyze what factors have prevented or promoted cooperative businesses from developing at the rates of other small businesses across sectors. The research will primarily compare the U.S. Department of Agriculture with the U.S. Small Business Administration, including how legislation has impacted the way in which the agencies work with cooperative businesses compared to conventional firms. Specifically, this chapter will analyze the policies that govern direct loan and loan guarantee programs at these two agencies. Extensive research has not been carried out among cooperative businesses in different sectors, and this research seeks to contribute to closing that gap. This research contributes to a cross-sector, cross-agency understanding of the ways in which the federal government is serving or not serving all business models equitably.

The literature review demonstrates that cooperative business models provide a range of benefits to their member-owners—focusing primarily on worker and consumer cooperatives—as well as to the community, being more inclusive of the most marginalized of people, and to the local economy. Where cooperatives have done so widely, it is because policymakers have incentivized the development of these businesses in certain sectors. Where co-ops have not had

as broad as an impact as other businesses or in comparison to other countries, it is largely due to the federal government not incentivizing the model in a particular sector.

### Literature Review

Co-ops can elicit several stereotypes in people's minds: a farmer's cooperative and a field of corn, a New York City housing co-op, a food co-op filled with shelves of natural, organic, or otherwise niche foods. But cooperatives are a diverse business model that deliver a wide array of benefits to their member-owners. In worker cooperatives, employees own and operate the business and can exist in nearly every sector of the economy, ranging from home care to manufacturing, accounting professionals to economic developers. According to the Democracy at Work Institute, there are approximately 465 worker cooperatives in the United States as of 2019.<sup>109</sup> That number is difficult to measure due to varying articles of incorporation across states. While this number is low, particularly in comparison to the number of conventional small businesses, the number has grown nearly 36 percent in six years.<sup>110</sup> Of these worker cooperatives, most are very small businesses, with just 15 worker co-ops employing 50 or more worker-owners.<sup>111</sup> These 465 worker cooperatives are less than one one-thousandth of all small businesses in the United States, of which in 2018 there were approximately 30.2 million.<sup>112</sup> Worker cooperatives exist most per capita in New York (with the vast majority located in New York City), North Dakota, South Dakota, and Mississippi<sup>113</sup>, demonstrating that this model is used in both very urban and very rural settings.

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<sup>109</sup> Prushinskaya, Olga. "Worker Co-ops Show Significant Growth in Latest Survey Data." Fifty by Fifty, 18 February 2020. <https://www.fiftybyfifty.org/2020/02/worker-co-ops-show-significant-growth-in-latest-survey-data/>.

<sup>110</sup> Ibid.

<sup>111</sup> Abell, Hilary. "Worker Cooperatives: Pathways to Scale." The Democracy Collaborative, June 2014. <http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/WorkerCoops-PathwaysToScale.pdf>.

<sup>112</sup> "United States Small Business Economic Profiles for 2018." United States Small Business Administration Office of Advocacy. <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>.

<sup>113</sup> Artz, Georgeanne M. and Kim, Younjun, "Business ownership by workers: are worker cooperatives a viable option?" (2011). *Economics Working Papers (2002-2016)*. 99.

Owned and controlled by the employees, worker cooperatives typically provide greater benefits than conventional firms, including higher wages, that result in lower workforce turnover.<sup>114</sup> For example, cooperative home care businesses typically earn between \$15 and \$18 per hour. In comparison, home care providers in conventional businesses on average earn \$11.57 per hour.<sup>115</sup> This is one contributing factor to higher workforce turnover, approximately 82 percent in 2019, at non-cooperative home care providers, compared to approximately 30 percent at cooperative home care businesses.<sup>116</sup> Despite the improved worker benefits and higher quality care for clients, there are only approximately 30 home care cooperatives across the country. Nevertheless, the lower turnover at cooperatives enables workers to build skills, both in their fields of service as well as in business management. Employees at worker cooperatives also exhibit high job satisfaction due to the flexibility and authority that comes with ownership of the business. “In general employee ownership can enhance job satisfaction and employee motivation, which benefits both the individual and the firm through enhanced productivity,” (Artz and Kim, 21).

Cooperatives are a business model that sees a resurgence in the wake of economic downturns, and they have had a particularly strong presence at this time in low-income and minority communities. In addition to being established for mutual benefit, a primary reason that cooperatives develop during this time is because of the low capital investment typically required to establish or join a worker cooperative, especially in service sectors, like taxi driving or

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<sup>114</sup> Wilson Majee & Ann Hoyt (2009) Building Community Trust Through Cooperatives: A Case Study of a Worker-Owned Homecare Cooperative, *Journal of Community Practice*, 17:4, 444-463, DOI: 10.1080/10705420903299995.

<sup>115</sup> Home Health Aids and Personal Care Aides § (n.d.). <https://www.bls.gov/ooh/healthcare/home-health-aides-and-personal-care-aides.htm>.

<sup>116</sup> Kahn, Karen. Home Care Cooperatives Gaining Ground in the Northwest. *Fifty by Fifty*, February 28, 2020. <https://www.fiftybyfifty.org/2020/02/home-care-cooperatives-gaining-ground-in-the-northwest/>.

childcare, at a time when people's savings have depleted.<sup>117</sup> This resurgence is especially true in communities of color. In the United States, the greatest number of majority Black-owned cooperatives existed during and immediately following the Great Depression in the 1930s.<sup>118</sup> A similar resurgence occurred within immigrant communities following the 2008 recession. As of 2016, Black households held 54 percent less wealth than White households, and these disparities are growing.<sup>119</sup> The greater diligence of member-owners to take care of the business and those it serves demonstrates the benefits of cooperatives, according to Nembhard. Having a stake in the governance of the business, along with the capital investment, has been important to the civil rights movement of Black Americans.

In addition to benefiting the member-owners, research shows cooperatives also benefit the local economy. Because cooperatives are governed by their member-owners, the co-op operates in their best interest, which often coincides with the long-term interests of the local economy. Kruse and Olsen explain that this greater survivability is attributed worker-owned firms having a greater flexibility to adjust labor costs and the worker-owners' enthusiasm and commitment to the firm and its success because of their personal capital investment.<sup>120</sup> Member-owners' ties to the community also makes cooperative businesses anchors in their communities and can spur further economic development and growth.<sup>121</sup> Kruse and Olsen also describe the policy decisions that have prevented cooperatives from developing at the rates of other

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<sup>117</sup> Ibid.

<sup>118</sup> Voinea, Anya. "Interview: Jessica Gordon-Nembhard on Past Lessons for Economic Empowerment." Co-op News, July 4, 2020. [thenews.coop/148916/topic/history/interview-jessica-gordon-nembhard-on-past-lessons-for-economic-empowerment](https://thenews.coop/148916/topic/history/interview-jessica-gordon-nembhard-on-past-lessons-for-economic-empowerment).

<sup>119</sup> Gale, William G. "How to Build Black Wealth." Brookings. The Brookings Institution, July 6, 2020. <https://www.brookings.edu/blog/how-we-rise/2020/07/06/how-to-build-black-wealth/>.

<sup>120</sup> Kruse, Douglas, and Erik K. Olsen. "The Relative Survival of Worker Cooperatives and Barriers to Their Creation." Essay. In *Sharing Ownership, Profits, and Decision-Making in the 21st Century: Advances in the Economic Analysis of Participatory & Labor Management Firms*, 14:83–107. Emerald Publishing Limited, 2013.

<sup>121</sup> Theodos, et al.



businesses, including the inability to access government guarantees at the U.S. Small Business Administration. Lee concludes that access to government guarantees is not the factor that promotes regional growth.<sup>122</sup> Rather, government guarantees are intended to fix market failures where small businesses cannot otherwise access financing and to address systemic inequalities and discrimination against minority entrepreneurs. Government guarantees on loans, Lee states, does improve employment growth.

Investment in worker cooperatives has been successful in other countries, most notably Spain's Mondragon Cooperatives. The cooperative began as a single enterprise and grew to 19,000 member-owners by 1981.<sup>123</sup> As of 2018, the cooperative is composed of 98 cooperative enterprises and more than 28,000 member-owners.<sup>124</sup> These businesses are primarily employed by graduates of technical college and in the manufacturing sector. Jackall concludes that the success of Mondragon is due to a robust enabling environment by the Spanish government that enabled the establishment of a banking system, technical assistance providers for business development, and research and development centers to promote innovation and growth among the member-businesses. Mondragon, while the most famous example of cooperative enterprise, is one of 31,500 worker cooperatives in Spain.<sup>125</sup> Italy, another country with a vibrant cooperative economy, has approximately 54,200 worker cooperatives.

Where the Spanish and Italian governments have established an enabling environment for worker cooperatives as a preferred business model, the United States Government has demonstrated preferential treatment for a different type of employee-owned firm, Employee

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<sup>122</sup> Lee, Yong Suk, 2018. "Government guaranteed small business loans and regional growth," *Journal of Business Venturing*, Elsevier, vol. 33(1), pages 70-83. DOI: 10.1016/j.jbusvent.2017.11.001.

<sup>123</sup> Jackall, Robert, and Henry M. Levin. "Employment and Productivity of Producer Cooperatives." Essay. In *Worker Cooperatives in America*, 16–31. Berkeley u.a., California: Univ. of California Pr., 1984.

<sup>124</sup> Ucin, Inigo. Rep. *2018 Annual Report*, n.d. <https://www.mondragon-corporation.com/wp-content/themes/mondragon/docs/eng/annual-report-2018.pdf>.

<sup>125</sup> Arana.

Stock Ownership Plans (ESOPs). Compared to the 465 worker cooperatives, the National Center for Employee Ownership estimates there are approximately 7,000 ESOP companies in the United States.<sup>126</sup> The structure of ESOPs can vary widely but provides employees with shares in the company correlating with an employee's tenure and wage. Most ESOPs do not provide employees with voting rights in the business operations.

Some research suggests that the U.S. federal government has not created a strong enabling environment for worker cooperatives, and to some extent consumer cooperatives, because of the United States' capitalist economy. Cooperatives are both a social and economic tool, operating alongside and competing against for-profit businesses, but governed democratically by the cooperative's member-owners.<sup>127</sup> Mooney describes 'institutional friction' that has prevented a more cooperative economy because ownership is necessarily a political action in a capitalist society. Mooney focuses on rural America's food system, which has a high rate of cooperative businesses. Cooperatives are a critical tool in rural America for several reasons. First, many conventional, for-profit businesses will not operate in rural communities because the sheer expansiveness limits the profit margins that can be made. Mooney underscores the prerogatives of a capitalist society driven by profits and a decline in civil society, rather than concern for the collective. Cooperative success in rural communities is a product of both the lack of private investment and because they are driven by the best interests of the community, thus are a bridge between political and economic interests. It is this balance that provides 'a strategic advantage' to adapt to member-owners needs and to contribute to a strong local economy.

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<sup>126</sup> Wiefek, Nancy, and Nathan Nicholson. "Employee Ownership by the Numbers." National Center for Employee Ownership, September 1, 2019. <https://www.nceo.org/articles/employee-ownership-by-the-numbers>.

<sup>127</sup> Mooney, Patrick H. "Democratizing Rural Economy: Institutional Friction, Sustainable Struggle and the Cooperative Movement\*." *Rural Sociology* 69, no. 1 (2004): 76–98. <https://doi.org/10.1526/003601104322919919>.

But the federal government has provided targeted support for cooperative business development when necessary—almost exclusively in rural areas—and research shows that federal support for businesses will help the business succeed. For cooperatives, the U.S. Department of Agriculture demonstrates federal support for cooperative businesses but is limited to serving rural geographies. Within USDA is the Rural-Business Cooperative Service – a small office with the mission to offer “programs to help businesses grow as well as job training for people living in rural areas...to support America’s long-term prosperity by ensuring that our rural communities are able to take care of themselves, grow and prosper.”<sup>128</sup> Notably, RBCS provides loan guarantees to businesses, including cooperatives, administered through the Business and Industry Loan Guarantee program. Research shows that businesses that receive loan guarantees through this program have higher survival rates and employment growth compared to businesses that did not receive a loan guarantee. This data also shows a positive rate of employment growth that increases over time, which further demonstrates the long-term interests of cooperatives in their communities. The limiting factor of this research is that it analyzes loans to existing businesses, rather than start-ups, which traditionally have longer survivability.

The U.S. Small Business Administration serves businesses in communities of all sizes, primarily through its flagship program, the 7(a) program. The SBA touts this program as a critical component to inject financing into small business development in the United States. The 7(a) program provides loan guarantees of 50 percent or 85 percent on small business loans made by private lending institutions affiliated as a Preferred Lending Partner. Research indicates that just 3.2 percent of 7(a) loans reach communities without a PLP and are less than one percent of

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<sup>128</sup> “Rural Business-Cooperative Service.” Rural Business-Cooperative Service | Rural Development. Accessed July 17, 2020. <https://www.rd.usda.gov/about-rd/agencies/rural-business-cooperative-service>.

all small business loans.<sup>129</sup> Brown and Earle’s research states that SBA financing costs approximately \$21,000-\$25,000 per job created, but that the average salary of the job is \$30,000, all in 2010 USD. These estimates are significantly lower costs to SBA—and therefore taxpayers—than previous research, which suggested a range of \$158,000 - \$407,000 per job. Brown and Earle conclude that ‘credit constraints impede growth of small businesses prior to receiving the SBA loans.’<sup>130</sup> SBA financing is particularly critical during times of high unemployment, when uncertain economic conditions could decrease private lending activity without the security of government-backing. Moreover, SBA financing is especially beneficial where credit from a local lender is not readily available, which historically is in communities of color and poor communities. Brown and Earle conclude that there are ‘uniformly positive’ effects of accessing SBA financing through 7(a) for taxpayers, entrepreneurs, and the economy.

Finally, there is significant research on the potential for cooperatives to scale as other business models have and has been done for some types of cooperatives in rural businesses. Specifically, USDA has played an instrumental role in promoting cooperative development for producer cooperatives and later utility cooperatives. The flagship financing program at USDA, the Business and Industry Loan Guarantee program, readily supports borrowers that are cooperatives, just as the agency would consider an applicant in another type of business. The agency’s mission to serve rural has depended upon farmer- and consumer-owned cooperatives to fulfill that mission that the agency enacts regulations and implements programs that allow cooperatives to participate—or not, if they so choose—in the same capacity as other types of businesses.

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<sup>129</sup> Brown, J.D., & Earle, J.S. (2017). Finance and growth at the firm level: Evidence from SBA loans. *The Journal of Finance*, 72(3), 1039-1080.

<sup>130</sup> Ibid.

In contrast, the primary government agency for business development across geographies—the Small Business Administration—did not have the same origin story as USDA, and therefore does not accommodate for cooperatives in its programming as seamlessly as USDA. Nevertheless, researchers in this field have outlined several policy reforms that would enable cooperatives to access SBA programs and financing tools. Across the research, the low rate of worker and, to some degree consumer cooperatives, is due to lack of financing. Most notably, private financial institutions and community development organizations that lend to businesses participate extensively in SBA programs. SBA programs require a personal guarantee on business loans, which requires one person to use her or his own collateral to secure the loan. In the case of most businesses the single or primary partner of the business uses her or his own resources. However, as equal owners, and in some cases having thousands of owners, this requirement cannot be met and technically writes cooperatives out of the program. Moreover, cooperatives cannot readily receive loans from credit unions (financial services cooperatives). Current National Credit Union Administration regulations require credit unions to apply for a Member Business Lending waiver to avoid requiring a personal guarantee.<sup>131</sup> In an effort to seemingly attempt to enable participation of cooperatives, or other businesses with numerous owners, SBA modified regulations to allow for an entity guarantee. This option creates different hurdles, discussed momentarily, that fail to make SBA’s financing more accessible to cooperative businesses.

In addition to capital, researchers have identified burdensome regulatory environments and a lack of technical support available to cooperatives as a barrier to widespread

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<sup>131</sup> Dopico, Luis G., and Ben Rogers. Rep. *Cooperation among Cooperatives: Quantifying the Business Case for Credit Unions and Other Cooperatives*. Madison, WI: Filene Research Institute, 2015. <https://resources.uwcc.wisc.edu/Finance/Cooperationamongcoops.pdf>

development.<sup>132</sup> While this research was conducted in 1982, the problem is likely only exacerbated since then. USDA staff has reduced significantly over the last 30 years<sup>133</sup> and program levels have remained roughly the same. For example, the Rural Cooperative Development Grant program is available to cooperative development organizations to provide technical assistance to cooperative businesses and start-ups. In Fiscal Year 2004, the program was funded at \$6.4 million (\$8.7 million in FY2020 USD), and in Fiscal Year 2020 that program has decreased to \$5.8 million. No similar program exists to serve non-rural areas.

Research, therefore, suggests that a lack of financing and a lack of technical assistance have been the primary barriers to widespread cooperative development across sectors. USDA's prioritizes preserving existing jobs and businesses and uses the cooperative model to reach this goal. As the largest generation of American entrepreneurs enter retirement, this approach will be valuable to non-rural jobs and businesses as well and suggests the need for reforms at the Small Business Administration.

#### The U.S. Department of Agriculture

The mission of the U.S. Department of Agriculture (USDA) is, in part, to 'provide economic opportunity through innovation, helping rural America to thrive,' by supporting the start-up, innovation and preservation of rural businesses.<sup>134</sup> USDA programs and services can be used by entrepreneurs and businesses operating in communities with a population of 50,000 or fewer. Cooperative businesses have a rich history in these communities, dating back to the early 19<sup>th</sup> century, when farmers, largely of Scandinavian ancestry, began to form cooperatives in the

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<sup>132</sup> Hall, Bruce F., and Lana L. Hall. "The Potential for Growth of Consumer Cooperatives: A Comparison with Producer Cooperatives." *Journal of Consumer Affairs* 16, no. 1 (1982): 23–45. <https://doi.org/10.1111/j.1745-6606.1982.tb00161.x>.

<sup>133</sup> Brust, Amelia. "USDA Secretary Defends Proposed Budget, Workforce Reductions." Federal News Network, June 28, 2018. <https://federalnewsnetwork.com/budget/2018/04/usda-secretary-defends-proposed-budget-workforce-reductions/>.

<sup>134</sup> "About the U.S. Department of Agriculture," United States Department of Agriculture, accessed 2020. <https://www.usda.gov/our-agency/about-usda>.

early years of industrialization.<sup>135</sup> As it became harder to compete with businesses in industrialized communities, farmers banded together to collectively purchase products needed for planting and collectively marketing their crops. Cooperatives have been and continue to be engrained in USDA services maintained through the organizational structure of the agency. Within USDA Rural Development is the Rural Business Cooperative Service (RBCS), which seeks to “enhance the quality of life for all rural Americans by providing leadership in building competitive businesses and sustainable cooperatives that can prosper in the global marketplace,” including ensuring access to credit.<sup>136</sup>

As of 2016, there were approximately 2,000 agriculture cooperatives in rural America, primarily consisting of marketing and supply cooperatives.<sup>137</sup> Many of these cooperatives receive critical financing support through one of USDA’s most prominent programs, the Business and Industry Guaranteed Loan program, authorized by the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1932).<sup>138</sup> The Business and Industry Guarantee Loan program provides USDA guarantees of 60-90 percent on loans made by commercial and farm credit lenders to rural businesses. Businesses, including cooperatives, may seek to participate this program if the project for which the funds will be used accomplishes one of the following three criteria: preserving existing jobs, improving existing businesses, or creating new, permanent jobs.<sup>139</sup>

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<sup>135</sup> McKee, Greg, and Donald Frederick. Early Cooperatives. North Dakota State University/USDA Rural Business-Cooperative Service, July 30, 2019. <https://cooperatives.extension.org/early-cooperatives/>.

<sup>136</sup> “Rural Business-Cooperative Service.”

<sup>137</sup> Demko, Iryna. “Trends of U.S. Agricultural Cooperatives (1913-2016).” CFAES Center for Cooperatives, The Ohio State University Department of Environmental, and Development Economics, September 2018. [https://cooperatives.cfaes.ohio-state.edu/sites/coop/files/imce/Research/Trends of US Agricultural Cooperatives Branded Final November2018 PUB.pdf](https://cooperatives.cfaes.ohio-state.edu/sites/coop/files/imce/Research/Trends%20of%20US%20Agricultural%20Cooperatives%20Branded%20Final%20November2018%20PUB.pdf).

<sup>138</sup> Cowan, Tadlock. Rep. *An Overview of USDA Rural Development Programs*. Washington, DC: Congressional Research Service, 20016.

<sup>139</sup> Ibid, p 24

With most U.S. Government guarantees, the agency takes measures to ensure that the taxpayer dollars used to guarantee a loan are secured or protected in some way. Under the Business and Industry Guarantee Loan program at USDA, several underwriting criteria must be met including the ability to repay, good credit, and minimum equity holdings in the business.<sup>140</sup> Additionally, borrowers are required to provide a personal guarantee from each owner that holds a 20 percent stake in the company or greater.<sup>141</sup> However, businesses in which no owner holds at least a 20 percent stake in the business will not be denied the loan guarantee on the basis of ownership. In practice, this means that cooperatives with five member owners or fewer, each person would be required to put forth a personal guarantee to secure the financing. Because of the one member-one vote equal structure of a cooperative, in cooperatives of six member-owners or more, owners would not be required to put forth a personal guarantee in order to receive USDA financing through the Business and Industry Guarantee Loan program. Having a percentage of the loan secured with the backing of the federal government is important in encouraging lenders to issue loans to small businesses, especially new businesses, and businesses in low-income census tracts.

Loan guarantees have played an important role in the success of agricultural cooperatives and have contributed to the scale of cooperatives in the sector. In 2016, headquarter operations of agricultural cooperatives were present in nearly 40 percent of all U.S. counties. According to Rupasingha, “farmers in the counties with cooperative headquarters reported higher cash receipted and earnings in comparison to farmers in the counties with no cooperative

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<sup>140</sup> “Business and Industry Guaranteed Loan Program.” U.S. Department of Agriculture, n.d. [https://www.rd.usda.gov/sites/default/files/fact-sheet/508\\_RD\\_FS\\_RBS\\_BIGuarantee.pdf](https://www.rd.usda.gov/sites/default/files/fact-sheet/508_RD_FS_RBS_BIGuarantee.pdf)

<sup>141</sup> Ibid, p. 2



headquarters.”<sup>142</sup> There has been a trend of market consolidation and mergers in the last decade, even among cooperatives, which are not immune to the pressures of competition in the marketplace. Therefore, the average number of member-owners in an agricultural cooperative has grown from 929 member-owners in 2000 to 936 member-owners in 2016.<sup>143</sup> Despite the increase in mergers and acquisitions, agricultural cooperatives still experienced lower rates of mergers than the national average.

While not explored fully in this paper, a critical component of accessing Business and Industry Guarantee Loan financing is dependent upon the private lending institutions that administers the loan USDA is guaranteeing. Most farmer cooperatives depend heavily on financial services from institutions within the Farm Credit System. The Farm Credit System is a financial services cooperative owned by the 72 member-institutions that provide loans to businesses, predominantly related to farming and ranching operations in rural America.<sup>144</sup> A small percentage of the portfolio of Farm Credit institutions includes support for housing, communications, infrastructure, and energy.<sup>145</sup> In 2019, Farm Credit lenders administered more than 914,000 loans totaling \$287 billion in credit.<sup>146</sup> This cooperative institution of lenders was born out of the Federal Farm Loan Act of 1916, after the Country Life Commission, brought forth by President Theodore Roosevelt, reached the conclusion that a shortage of credit was among the biggest barriers to success for rural businesses—particularly in farming and

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<sup>142</sup> Rupasingha, Anil & Pender, John, 2019. "Rural Businesses That Receive USDA Business and Industry Guaranteed Loans Less Likely To Fail," *Amber Waves: The Economics of Food, Farming, Natural Resources, and Rural America*, United States Department of Agriculture, Economic Research Service, vol. 0(08), September.

<sup>143</sup> Ibid. p 15

<sup>144</sup> *Farm Credit Council 101*, n.d. [https://farmcredit.com/sites/default/files/Members%20-%20National%20Resources/National%20Farm%20Credit%20Resources/2020\\_FarmCredit101\\_%20FINAL.pdf](https://farmcredit.com/sites/default/files/Members%20-%20National%20Resources/National%20Farm%20Credit%20Resources/2020_FarmCredit101_%20FINAL.pdf)

<sup>145</sup> Ibid

<sup>146</sup> *Farm Credit Council – About*, Farm Credit Council, n.d. <https://farmcredit.com/about>

ranching—and urged the formation of a cooperative credit system.<sup>147</sup> The Federal Farm Loan Act subsequently established and ‘provided government start-up capital for cooperative agricultural lending agencies.’<sup>148</sup> More well-known, however, is the Farm Credit Act of 1933, codifying an Executive Order issued by President Roosevelt, which effectively streamlined the process by which cooperative agricultural lenders could issue credit to agricultural businesses, for both long- and short-term credit needs.<sup>149</sup> These two laws chartered institutions that meet the unique needs of rural businesses, of which many are cooperatives.

Largely dependent on at least one cooperative business, farming and ranching continues to play a critical role in the U.S. economy. According to the U.S. Department of Agriculture Economic Research Service, in 2017, farming and ranching and related sectors contributed 5.4 percent—more than \$1 trillion—to the gross domestic product.<sup>150</sup> As a result, USDA programs are authorized, equipped, and trained to work easily with cooperative lenders and cooperative businesses to promote sufficient credit availability and guarantees in agriculture that has allowed cooperatives to continue to thrive.

Following the robust growth of cooperative farms, the federal government relied upon this model to solve an emerging challenge: access to electricity. In the 1930s, just 10 percent of rural households and businesses had reliable electricity, compared to 90 percent of households and businesses in non-rural areas.<sup>151</sup> The majority of electricity in the United States was provided by private power companies that did not expand service to rural areas because the vast lands did

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<sup>147</sup> “Farm Credit Administration.” Farm Credit Administration 2018 FCA Timeline, n.d. <https://www.fca.gov/template-fca/about/2018fcaticimeline.pdf>.

<sup>148</sup> Ibid

<sup>149</sup> “Farm Credit Act (1933).” Living New Deal, March 3, 2017. <https://livingnewdeal.org/glossary/farm-credit-act-1933/>.

<sup>150</sup> Economic Research Service. “Ag and Food Sectors and the Economy.” [www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/ag-and-food-sectors-and-the-economy](http://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/ag-and-food-sectors-and-the-economy).

<sup>151</sup> Kitchens, Carl. “US Electrification in the 1930s.” VOX, CEPR Policy Portal, January 29, 2014. <https://voxeu.org/article/us-electrification-1930s>.

not contribute to a profit. As a result, most manufacturing companies and other industries grew in urban and suburban areas, and the remaining industry in rural America was agriculture.

President Franklin Delano Roosevelt established the Rural Electrification Administration by Executive Order in 1935 and was codified by the Rural Electrification Act a year later.<sup>152</sup> The Rural Electrification Administration, which has since been absorbed by USDA and renamed the Rural Utilities Service, provides financing for electricity in rural America. In the first year of the Rural Electrification Administration, it was clear that, despite the availability of low-interest financing, shareholder-owned utility companies would not expand services into rural America. The Electric Cooperative Corporation Act of 1937 created a 501(c)(12) tax-exempt designation for electric cooperatives and allowed communities to form cooperatives to borrow money from the REA. Electric cooperatives, different from agriculture cooperatives, are owned by the households and businesses it serves (a consumer cooperative). The REA administered 30-year loans to cooperatives to construct and supply power to rural homes and businesses, and depended heavily on electric cooperatives, which ultimately provided power to more than 90 percent of households by the 1950s.<sup>153</sup> This feat would have been nearly unimaginable without the guaranteed financing and technical assistance provided by the Rural Electrification Administration.

Similar to the Business and Industry Guarantee Loan program, today's Rural Utilities Service—also under the Rural Development mission area—administers a loan guarantee program for electricity development called the Electric Infrastructure Loan & Loan Guarantee Program. This program guarantees up to 100 percent of a loan to support investment in

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<sup>152</sup> “Executive Order 7037 Establishing the Rural Electrification Administration, May 11, 1935.” The American Presidency Project. <https://www.presidency.ucsb.edu/documents/executive-order-7037-establishing-the-rural-electrification-administration>.

<sup>153</sup> “History: the story behind America’s electric cooperatives and NRECA.”

construction of new generation and transmission technologies and renewable energy infrastructure. This government-backed financing is intended to provide access to capital and credit where private capital is not available. USDA describes this program as an investment to increase “economic opportunity and quality of life in rural communities nationwide by maintaining a seamless electric network for all Americans, regardless of where they live” and depends heavily on cooperatives to carry out these investments.<sup>154</sup> Requirements to be eligible for this program include, among other requirements, demonstrating an ability to repay the loan through financial reports and long-range predictions, a resolution from the Board of Directors, construction contracts where applicable and work plans.<sup>155</sup> On these loan guarantees, RUS typically has a first lien on the borrower’s assets or an amount to properly secure the loan.<sup>156</sup> This loan guarantee program does not depend on the credit of an individual member-owner, nor does it require a personal guarantee from any member-owner.

Today, there are nearly 900 electric cooperatives that range in size serving rural communities in 47 states. These electric cooperatives provide power to more than half of the U.S. landmass, including 88 percent of all U.S. counties, and 19 million businesses, households, and schools.<sup>157</sup> Electric cooperatives have also taken on a critical role in U.S. national security. Ten percent of electric cooperatives distribute electricity to 90 U.S. military installations in 38 different states.<sup>158</sup>

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<sup>154</sup> “Electric Infrastructure Loan & Loan Guarantee Program.” U.S. Department of Agriculture Rural Development. <https://www.rd.usda.gov/programs-services/electric-infrastructure-loan-loan-guarantee-program>.

<sup>155</sup> Rural Utilities Service, Supplemental General Conditions § (n.d.). <https://www.rd.usda.gov/sites/default/files/UWP-rb-14.pdf>.

<sup>156</sup> “Required findings for all loans.” 7 CFR § 1710.151.

<sup>157</sup> “Electric Co-op Facts & Figures.”

<sup>158</sup> Khair, Lauren. “Cooperative Engagement with the Military” National Rural Electric Cooperative Association. <https://www.cooperative.com/programs-services/bts/cooperatives-and-the-military/Documents/Military-Infographic.pdf>

The Rural Electrification Act and the Electric Cooperative Corporation Act have been integral to creating an enabling environment that has resulted in a mutually beneficial relationship between electric cooperatives and RUS. RUS implements programs so that cooperatives can participate equally with other types of businesses for direct loans and loan guarantees, and RUS has come to depend on cooperatives to a degree to carry out their mission.

Access to direct and guaranteed financing has supported the development of electric cooperatives in rural America, in turn removing barriers to economic development, education and quality of life in rural communities. At the time of his Executive Order, President Roosevelt said:

“It is particularly important that extensions of rural electrification be planned in such a way as to provide service on an area basis. The practice has been too frequent in the past for private utility companies to undertake to serve only the more prosperous and more populous rural sections. As a result, families in less favored and in sparsely settled sections were left unserved. I believe that our postwar rural electrification program should bring modern service of electric power to the farm families in the back country.”<sup>159</sup>

This spirit of modern services has remained central to the role of electric cooperatives and the success of direct loan and guarantee programs has resulted in continued bipartisan support in Congress and Administrations of both parties. Congress and Administrations have come to depend on electric cooperatives to help rural America achieve the aspirations of President Roosevelt, allowing cooperatives to branch into 21<sup>st</sup> century energy programs that promote the use of clean energy, reduce the impact of energy use on the environment, and enable more efficient energy consumption by rural households and businesses to lower energy costs.

There has also been broad consensus across political parties that electric cooperatives and their subsidiaries will be integral to deploying reliable, affordable broadband to rural

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<sup>159</sup> Wallace, Harold D. “Power from the People: Rural Electrification Brought More than Lights.” National Museum of American History, August 24, 2017. <https://americanhistory.si.edu/ko/blog/rural-electrification>.

communities. There is often a direct comparison to the problems posed in the early 1900s with lack of electricity in that it limited an individual's ability to fully participate in the economy and compete in the marketplace. Today, that limitation extends beyond economic opportunity and extends to other critical services like e-Learning and telemedicine, especially during a global health pandemic. As such, many policymakers acknowledge that utility cooperatives are similarly positioned to close the 'digital divide' with robust investment from the federal government.

The Rural eConnectivity Pilot Program was signed into law in 2018.<sup>160</sup> Now called the ReConnect, the program provides loans and grants (and a combination of grant and loan) to electric cooperatives and other entities to carry out implement broadband connectivity in rural communities, including feasibility studies, construction, and improvement of facilities to establish or improve Internet speeds.<sup>161</sup> In 2019, USDA issued 82 ReConnect awards of loans, grants and combination loan and grants. Thirty of the 82 awards were issued to cooperatives, including four of seven awards that were 100 percent loans. Direct loans to cooperatives totaled nearly \$86 million compared to loans to for-profit telecommunications companies totaling \$7.2 million.<sup>162</sup> Just two grants have been awarded from Fiscal Year 2020 with one award to an electric cooperative and one to a for-profit business. The electric cooperative received a grant of \$16 million to expand broadband services covering 475 square miles in rural Mississippi. The for-profit grant recipient was awarded \$12.5 million to deploy broadband in rural Georgia covering 125 square miles.<sup>163</sup> Approximately 100 electric cooperatives now provide broadband

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<sup>160</sup> Consolidated Appropriations Act of 2018, Pub. L. No. 115-141.

<sup>161</sup> Rural Development, ReConnect Program. <https://www.rd.usda.gov/files/ReConnect%20Program%20.pdf>

<sup>162</sup> "FY 2019 ReConnect Program Awardees." United States Department of Agriculture. Rural Development. <https://www.usda.gov/reconnect/round-one-awardees>.

<sup>163</sup> "FY 2020 ReConnect Program Awardees." United States Department of Agriculture. Rural Development. <https://www.usda.gov/reconnect/round-two-awardees>.

to its member-owners. These recent awards show that electric cooperatives are treated equally to conventional firms at USDA programs, and by some measures outperform conventional firms in acquiring financing from USDA in the form of grants, direct loans, and loan guarantees.

Because of their position in rural America and operation in the interest of the long-term wellbeing of its member-owners, policymakers have and continue to turn to electric cooperatives to improve rural quality of life for more than a century.

The strong presence of cooperatives in the rural economy has been possible through enabling legislation and its implementation at the U.S. Department of Agriculture. Programs and regulations make clear that cooperatives are eligible participants and program requirements are enacted in such a way that cooperatives can easily access them, especially in the underwriting criteria for guaranteed loans. This readily available access to capital and credit has allowed cooperatives to continue to be prominently placed in the rural economy, particularly in agriculture and utilities.

#### The U.S. Small Business Administration

The U.S. Small Business Administration was established in 1953 by the Small Business Act—a short history in comparison to the USDA established in 1862—with the mission “to aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns.”<sup>164</sup> SBA provides technical support and guaranteed financing to small businesses in communities of all sizes and across all sectors of the economy. SBA financing is a critical tool to small businesses in start-up and growth stages of development. SBA financing, like USDA financing, is linked to the financial growth and success of a business. In contrast to USDA, the SBA does enact its programs in ways that cooperative businesses can participate.

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<sup>164</sup> “Small Business Act.” United States Small Business Administration. <https://www.sba.gov/document/policy-guidance--small-business-act>.

The Small Business Act has been amended numerous times to keep pace with changing business models and changing needs of small business. For example, the North American Industry Classification System Code, which establishes size standards for sectors, was modified to include a definition for Employee Stock Ownership Plans in 1954 and was later modified to comply with changes established by the Employee Retirement Income Security Act of 1974.<sup>165</sup>

The Act does include a definition for small agriculture cooperatives by referencing the Agriculture Marketing Act of 1929. However, because of the robust support provided at USDA, few agricultural cooperatives seek assistance from SBA. The Act does not include a definition for cooperatives other than agricultural marketing cooperatives.

The flagship program of the SBA is the 7(a) loan guarantee program. Similar to USDA's Business and Industry Loan Guarantee program, 7(a)—reflecting the section in which it appears in the Small Business Act—provides loan guarantees of up to 85 percent on loans issued through private lending institutions. To be approved for a loan guarantee under 7(a), a borrower must meet several underwriting criteria including demonstrating an ability to repay the loan, demonstration of business management, good credit history, personal equity in the business, and be able to demonstrate that the business cannot access credit elsewhere.<sup>166</sup> In addition to securing the loan through collateral assets of the business, the 7(a) program also requires each owner holding 20 percent or more in the business to provide a personal guarantee, including personal residential real estate, to be approved for the 7(a) loan guarantee.

In cooperatives, each member-owner holds the exact same ownership stake in the business, regardless of how many member-owners there are. Therefore, no single member is

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<sup>165</sup> “Tax on prohibited transactions.” 26 U.S. Code § 4975

<sup>166</sup> “The SBA Loan Guarantee Program: How it Works.”

[https://www.sba.gov/sites/default/files/SDOLoanFactSheet\\_Oct\\_2011.pdf](https://www.sba.gov/sites/default/files/SDOLoanFactSheet_Oct_2011.pdf).



suited to provide a personal guarantee, as it would alter the equal ownership structure of the cooperative. Until 2017, certain cooperatives were expressly ineligible to participate in 7(a) and other SBA programs. A 2017 rule published in the Federal Register removed cooperatives from the list of ineligible participants for 7(a) and other programs, citing comments that ‘the ownership for many cooperatives consists of multiple members, and that obtaining personal guarantees from multiple members can be overly burdensome.’<sup>167</sup> The Rule established that cooperatives participating in 7(a) may use an entity to guarantee the loan, as other businesses are able to do, in lieu of a personal guarantee. An entity guarantee typically consists of a bank holding an additional amount of cash from the prospective borrower to be held on behalf of SBA to secure the loan until a percentage of the loan is paid back. While this is a viable option for some businesses, many entrepreneurs pursuing a cooperative business model do so because of a lack of individual capital, and therefore, beyond the initial capital contribution to be a member-owner in the cooperative, many do not have additional financial resources to equitably contribute to an entity guarantee, thus making the entity as much of a barrier as an individual guarantee. As access to financing is the primary barrier to business development,<sup>168</sup> it can be reasonably concluded that this regulatory barrier at SBA has been the primary contributing factor to the low rate of growth of cooperatives outside of the agriculture and utility sectors.

Research demonstrates that loan guarantees are a positive impact on a business’s success. Businesses that use loan guarantees are more likely to support a business in maintaining or increasing its size and increase business survivability.<sup>169</sup> Access to \$1 million in loans, on

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<sup>167</sup> “Miscellaneous Amendments to Business Loan Programs and Surety Bond Guarantee Program; Final Rule.” 82 *Federal Register* 160 (21 August 2017), pp. 39491-39492.

<sup>168</sup> Harrison, Mark. *Small Innovative Company Growth: Barriers, Best Practices and Big Ideas*, January 2015. [https://www.sba.gov/sites/default/files/advocacy/FINAL\\_Innovation\\_Report.pdf](https://www.sba.gov/sites/default/files/advocacy/FINAL_Innovation_Report.pdf).

<sup>169</sup> Oh, I., Lee, J., Heshmati, A. *et al.* Evaluation of credit guarantee policy using propensity score matching. *Small Bus Econ* 33, 335–351 (2009). <https://doi.org/10.1007/s11187-008-9102-5>.

average, creates 3-3.5 full-time equivalent jobs. It is reasonable to conclude here that the inability to access this financing is, therefore, to the detriment of small business growth.

In Fiscal Year 2019, 46,111 small businesses received guarantees through the 7(a) program, totaling 51,907 guarantees for \$23.2 billion.<sup>170</sup> Zero of these loans were to cooperative businesses. In 2020, a consumer-owned food co-op in Virginia, called the Fredericksburg Food Co-op, was the first consumer cooperative to participate in the 7(a) loan program. The Fredericksburg Food Co-op was able to obtain the SBA guarantee through a robust capital campaign. With assistance from the National Cooperative Bank, the Fredericksburg Food Co-op established a ‘special purpose entity’ to act as a corporate guarantor.<sup>171</sup> The consumer cooperative, comprised of 1,430 member-owners, raised an additional \$150 million to fund the corporate guarantor account.

This historic loan was made possible through the creative lending practices carried out by the National Cooperative Bank, a “financial institution dedicated to providing banking solutions to cooperatives and socially responsible institutions nationwide,” which took steps far beyond what investor-owned banks may take to help Fredericksburg Food Co-op qualify for the SBA loan guaranty. Additional capital contributions or donations from member-owners in amounts of \$150 million above fundraising goals is highly atypical. Most consumer food co-ops take a minimum of three years to raise just the initial capital contributions necessary to access financing from cooperative lenders.<sup>172</sup> In communities with fewer assets and available capital, this scheme would not be possible. Nor, if the cooperative can readily gather this level of equity, is it

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<sup>170</sup> Dilger, Robert Jay, and Sean Lowry. Rep. *Small Business Administration: A Primer on Programs and Funding*. Washington, DC, 2020. <https://crsreports.congress.gov/product/pdf/RL/RL33243>.

<sup>171</sup> Blanton, Mary Alex. “National Cooperative Bank Provides Historic SBA Loan to Fredericksburg Food Cooperative.” Yahoo! Finance. Yahoo!, June 17, 2020. <https://finance.yahoo.com/news/national-cooperative-bank-provides-historic-130000217.html>.

<sup>172</sup> Reid, S., ed. “The FCI Guide to Starting a Food Co-Op.” Food Co-op Initiative, January 19, 2017. [https://www.fci.coop/sites/default/files/Startup guide-02.2017.pdf](https://www.fci.coop/sites/default/files/Startup%20guide-02.2017.pdf).

necessarily the intended business to access 7(a) loan guarantees. This is the first cooperative to successfully use a special entity guarantee under the 7(a) program, which demonstrates that this requirement is not easily met and is not a reasonable alternative for cooperative businesses. Moreover, the National Cooperative Bank is among the largest financial institutions whose primary business is supporting cooperatives, excluding agriculture and utility cooperatives. Yet because of the hurdles these businesses face, the National Cooperative Bank still does not have the reach necessary to serve very small cooperatives. While the Bank does not have a robust lending portfolio with small cooperatives, it continues to carry out its mission to financially support cooperatives by providing grants to non-profit Community Development Financial Institutions.<sup>173</sup> Still, these lenders are unable to access the government-backed support of the Small Business Administration.

#### Cooperative financing without government guarantees

As a result of the lack of financing support from SBA, it is difficult to track where small cooperatives access financing, especially cooperatives in sectors outside of agriculture and utilities. Consumer and worker cooperatives depend heavily on Community Development Financial Institutions, which tend to be narrowly focused by sector (like cooperatives) or by local region. There are 11 lenders that have a national portfolio inclusive of cooperatives. Within this group, however, many have targeted missions. For example, ROC Capital makes loans exclusively to support people in manufactured housing communities acquire the land beneath their homes as cooperative owners. CoBank, a member of the Farm Credit System, must abide by its charter to support rural development.

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<sup>173</sup> Blanton, Mary Alex. National Cooperative Bank Small Co-op Lending. Personal, July 28, 2020.

The Cooperative Fund of New England (CFNE) is one example of a CDFI lender with a regional, cross-sector cooperative focus. In 2019, CFNE administered \$7.6 million in loans to 75 businesses, of which \$5 million went to worker co-ops and consumer food co-ops and the remaining loans were administered to housing cooperatives, other cooperatives and non-profits supporting cooperatives.<sup>174</sup> CFNE was approved as an SBA Preferred Lending Partner to participate in the Intermediary Lending Pilot Program established in 2010. This pilot program was administered from 2010-2013, providing funds to intermediary lenders to administer loans to small businesses experiencing difficulty accessing financing elsewhere. The Intermediary Lending Pilot Program allowed intermediaries to use their own underwriting standard and therefore not require a personal guarantee. This program was not reauthorized after the pilot ended.

Many small worker cooperatives and consumer cooperatives depend upon CDFIs for financing that do not rely on SBA guarantees. SBA data indicates that these businesses do not use federal programs and instead access limited financing through non-traditional and private lending institutions without government guarantees. The challenge in accessing financing is a major barrier to broader cooperative development for worker and consumer cooperatives. Most worker cooperatives need to obtain loans that are usually considered to be small, totaling less than \$300,000, which compounds challenges that small businesses face in accessing capital from financial institutions. No amalgamated data on cooperative financing in these sectors exists, and the dependence on hyper-local, non-profit lending institutions like CDFIs is indicative of the cooperative model in these sectors failing to take hold and go to scale to the degree that it would be profitable for a traditional lending institution to engage in lending activity to these businesses.

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<sup>174</sup> “Cooperatives: Rooted in Resilience, 2019 Annual Report.” Cooperative Fund of New England, 2020. [https://issuu.com/jannae.knospe/docs/cfne\\_2019\\_ar\\_mqp?fr=sMWIzNTEzNzIxNjM](https://issuu.com/jannae.knospe/docs/cfne_2019_ar_mqp?fr=sMWIzNTEzNzIxNjM).

CDFIs, like other lending institutions, have a responsibility to issue sound loans that a business is reasonably expected to be able to repay. Government guarantees are intended to facilitate lending to businesses that would otherwise have difficulty access capital. Loans to cooperatives are made without the backing of government guarantees, and thus suggest that lending institutions do not engage with businesses, including cooperatives, that they otherwise would with access to a government guarantee.

Despite not having government-supported financing, cooperative businesses are less likely to fail than conventional firms (Sabatini 2014, Oldfield 2017). It can be reasonably concluded that if SBA regulations were to change to accommodate cooperative ownership structures, there would be an increase in the number of cooperative businesses, as the lending activity would be more attractive to a greater number of mainstream small business lenders.

#### COVID-19 response as potential for change at SBA

While long-term conclusions cannot be reached before the conclusion of this research, it is worth noting that Congress recently required a change in policy at SBA for cooperative businesses during the COVID-19 disaster response. The Coronavirus Aid, Relief, and Economic Security (CARES) Act depended significantly on two programs to provide financial relief to businesses and other organizations: the newly-established Paycheck Protection Program and a much greater investment in the Economic Injury Disaster Loan program.

The Paycheck Protection Program was modeled on and exists in law under SBA's 7(a) loan guarantee program, with three major changes. First, loans would be 100 percent guaranteed by SBA, rather than the 7(a) guarantees of up to 85 percent. Second, if the borrower used the proceeds of the loan toward specific activities, including at least 60 percent for covering payroll expenses, the loan would be fully forgiven. The CARES Act also explicitly stated that in

administering and guaranteeing Paycheck Protection Program loans, “No personal guarantee shall be required.”<sup>175</sup> This small reform enabled cooperatives that met all other requirements prescribed by the Paycheck Protection Program to access this emergency financial relief. As of July 7, 2020, 1,851 cooperatives successfully participated in the Paycheck Protection Program.<sup>176</sup>

Unlike the Paycheck Protection Program, which depends upon private lending institutions to administer the loans, the Economic Injury Disaster Loan program is administered by the SBA Office of Disaster Assistance directly to borrowers. The CARES Act also included language to ensure cooperatives could access the EIDL program in two important ways. First, the bill identified eligible entities and specifically included “a cooperative with not more than 500 employees,”<sup>177</sup> Second, the CARES Act required SBA to waive “any rules related to personal guarantee on advances and loans of not more than \$200,000 during the covered period for all applicants.”<sup>178</sup> While the waiver applied to all eligible businesses, the inclusion of this legislative language eliminated a barrier that cooperative businesses experience where other businesses do not. SBA’s lack of familiarity with cooperatives was problematic during the administration of EIDL loans. Numerous cooperatives reported being unfairly denied loans because SBA forms did not allow for cooperatives to properly disclose their ownership. After learning of cooperatives experiencing challenges at SBA, the staff of the USDA contacted SBA to try to alleviate confusion and ensure accurate processing of cooperatives’ applications.<sup>179</sup> These two programs are the first major integrations of cooperatives in SBA programs.

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<sup>175</sup> Section 1102(a)(J)

<sup>176</sup> LaTour, Kate. “By the numbers: Paycheck Protection Program loans and cooperative businesses.” National Cooperative Business Association CLUSA International. 7 July 2020. <https://ncbaclusa.coop/blog/by-the-numbers-paycheck-protection-program-loans-and-cooperative-businesses/>

<sup>177</sup> Section 1110(a)(2)(C)

<sup>178</sup> Section 1110(c)(1)

<sup>179</sup> Kyle Liske (Senior policy advisor, Office of the Secretary, USDA), in discussion with author, April 2020.

## Conclusion

Cooperatives have historically been a model that is turned to in the wake of economic downturns and when facing face public policy challenges. While the drive to form farmer cooperatives was to gain greater access to markets and achieve greater parity, the drive for electric cooperatives was to fix a market failure. That is, corporations did not see the value—in the form of returns to shareholders—in investing in these sectors, so did not expand service to rural communities, despite being offered incentives by the federal government. Instead, the business owners and communities identified the need and set up the cooperatives—in both agriculture and utilities—themselves.

There is an undercurrent flowing among large swathes of people calling for more social and economic inclusion to put people on a better path. The compounding crises are indeed so pervasive that there is also a bipartisan understanding of the urgency to act needed by the federal government to swiftly enact policies aimed to help people, communities, and small businesses. Yet the depths of these concerns have not reached the same proportion as the challenges in the early 20<sup>th</sup> century that led to the significant increase in cooperatives. Instead, SBA maintains its mission focused on businesses with sole or limited ownership, in line with the nation's current values to support singular achievement rather than the collective.

Enabling legislation and government guarantees at the federal level have helped cooperatives grow rapidly and for a sustained time in agriculture and utilities, and particularly focusing on rural America with the support of the U.S. Department of Agriculture. Enabling legislation drives the agency to implement programs so that cooperatives can participate as easily as any other type of business. The financing support, particularly through loan guarantees, has supported agricultural cooperatives and electric cooperatives to start-up and grow to meet new economic demands. In contrast, small business cooperatives (worker and consumer) that would

seek support from SBA cannot access the financing tools, like loan guarantees. This is due, in part, to the fact that cooperatives are not included in the authorizing bill, the Small Business Act. Recognizing their importance and presence in local economies, there was bipartisan support in Congress to ensure that cooperatives could access the SBA disaster programs responding to the COVID-19 pandemic. This was a band-aid solution in a time of crisis. It would be beneficial to make these programmatic changes permanent, not only so cooperatives can access SBA programs like all other small businesses, but also so that in times of crisis, institutional understanding already exists and does not cause undue delays for businesses. The next chapter will show that Congress has consistently supported cooperatives in a bipartisan manner across nearly every sector. As the need to promote stable economic growth and social cohesion grows, federal agencies, including but not limited to SBA, must be able to treat cooperative businesses as they do other types of ownership models.

### **Chapter Three**

#### **The bipartisan nature of cooperatives**

Cooperatives have a long history of being a bipartisan policy solution. As discussed in the previous chapter, cooperatives were the primary strategy from the federal government to support farmers gain greater access to markets in industrialized communities in the early 1900s and later on to help more rural households and businesses access affordable and reliable electricity through the New Deal and establishment of the Rural Electrification Administration. The model, in these two examples and others, have helped individuals and communities capture and retain wealth by creating greater economic opportunity—especially, but not exclusively, but disadvantaged and under-resourced communities. Cooperatives’ extensive presence and success in communities have helped to build support across the political spectrum for this model.



Politicians speaking about bipartisanship is not a new phenomenon in United States politics. One of the first and still the most prominent examples of this is the Great Compromise in 1787 that resulted in the United States Constitution.<sup>180</sup> Yet politicians' and public support for bipartisanship has waxed and waned throughout history. After the height of bipartisanship following World War II, polarization in American national politics has increased steadily since the 1960s, and more sharply in since the 1990s. Nevertheless, calls for bipartisanship from voters and from elected officials continue.

This research can further be put into the context of today's political environment. Although the current government is held entirely by Democrats, divided government is much more common than single party control. Moreover, the current majority in the House is slim and the Senate is divided 50-50, with Democratic Vice President Kamala Harris (D) breaking the tie, when needed. These slim margins suggest that, given the breadth of political ideologies in the Democratic caucuses, some level of bipartisanship will be necessary to shore up support from moderate Republicans, particularly in the Senate where there is a 60-vote threshold to end a filibuster. President Joseph R. Biden, Jr. (D) made this a prominent feature of his campaign and in the early weeks of his administration.

In conjunction with calls for bipartisan policymaking, Congress and the Administration face the enormous task of providing public health support and economic relief to end the COVID-19 pandemic and mitigate its impacts. In the 116<sup>th</sup> Congress, with a Republican Senate and Democratic House, the Coronavirus Aid, Relief, and Economic Security (CARES) Act<sup>181</sup> was passed just days after the nation broadly went into lockdown. Despite both sides

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<sup>180</sup> "History of Bipartisanship." Bipartisan Policy Center. <https://bipartisanpolicy.org/history-of-bipartisanship/>.

<sup>181</sup> Public Law No. 116-136.

acknowledging the need for more support, the divide between parties was so great that the next major relief package did not pass until the last days of the Congress.

As a new Congress and the Biden-Harris Administration turns to tackle this and other major challenges—such as addressing wealth inequality, corporate consolidation, and restoring trust in institutions and civic discourse—in the 117<sup>th</sup> Congress, what are the right tools to provide relief and achieve bipartisan compromise? This thesis examines the cooperative business model as one bipartisan tool support economic relief, recovery, and growth.

Cooperatives, also referred to as co-ops, are a business that is democratically governed and in which each member has one vote. Other differentiating characteristics of a cooperative include member-owners voting directly to elect a Board of Directors, and profits in excess of what is needed for the business is returned to the member-owners proportional to their use of the business, called patronage dividends. Cooperatives have been adopted by policymakers when the United States economy has faced big challenges. Most prominently, when rural farmers used cooperatives to collectively market their harvests in industrialized communities, and when the gap in electricity between rural and non-rural Americans grew so wide that President Franklin D. Roosevelt signed an executive order, later codified by statute, to establish the Rural Electrification Administration.

Politicians tend to support the principle of cooperatives for different reasons—some of which include the self-help model of economic mobility, market access for smaller players, voting rights in business operations, or increased competition in the market. Some legislators support cooperatives for the simple fact that there is a high presence of cooperatives in a Member's district or state.

This chapter consists of a literature review on the role, value, and trends of bipartisanship in policymaking. Then, research will analyze the occurrence of bills related to cooperatives introduced in the U.S. Senate over the last 10 Congressional sessions (107<sup>th</sup> Congress to the 116<sup>th</sup> Congress), comparing the instances of partisan and bipartisan proposals and the rate at which bipartisan proposals were passed and subsequently signed into law.

This research will contribute to the growing body of research around and interest in successful bipartisan policymaking. To date, comprehensive analysis of the level of bipartisanship on legislation related to cooperatives across sectors does not exist.

Are cooperatives a strategy to advance legislative priorities through bipartisanship? This research analyzes bills pertaining to cooperatives to better understand which sectors are more often included in legislation, to what degree legislation including cooperatives is bipartisan, and which policymakers frequently address cooperatives in their proposals.

### Literature Review

In recent years, the research around bipartisanship and legislative effectiveness has increased significantly, including analyses around specific subject areas and various factors that influence policymakers to work in a bipartisan manner.

In discussing the ‘success’ of bipartisan tactics, it is important note that not all politicians hold the same goals. Some legislators simply want to be re-elected, which is by no means incumbent upon passing legislation. However, bipartisanship—even in introducing bills, regardless of their passage—can impact how a legislator campaigns for re-election and how she is perceived by voters. According to former Senator Richard Lugar, Founder of the Lugar Center which focuses on bipartisan governance, “Too often these days, bills are being written not to

maximize their chances of passage, but merely to score talking points.”<sup>182</sup> Lugar notes that partisan bills are not an inherently bad thing, rather, that a legislator’s consistent and overwhelmingly partisan behavior could be indicative of prioritizing political posturing over governance. Overall, the Lugar Center’s research on bipartisanship shows a decline in bipartisan policymaking, with the last four Congresses having very low bipartisan results. Within that time, the 112<sup>th</sup> and 113<sup>th</sup> Congresses have scored the lowest in bipartisan legislating in the Center’s analysis of 11 Congressional sessions.<sup>183</sup>

This review will summarize research on the electorate’s perception of bipartisanship and its impact on electability. Next, the analysis will identify various factors that influence bipartisan action by Members of Congress. Finally, the chapter will conclude with the effect of bipartisanship on policy and policymaking.

First, bipartisanship is used as a talking point on campaign trails, despite growing polarization of the national parties. This growing challenge, in conjunction with increasingly gerrymandered and non-competitive districts in the House of Representatives, will likely make bipartisan legislating less likely to occur and more difficult to sustain.<sup>184</sup> In campaigns, this can be seen through a rise in the number of polarizing candidates defeating incumbents and/or moderates in primaries. This can change a legislator’s calculation of engaging in bipartisan policymaking as it relates to the potential electoral payoff—that is, will acting in a bipartisan manner garner or diminish support among their voting bases.<sup>185</sup>

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<sup>182</sup> Lugar, Richard G., and Edward Montgomery. "Reviving the Lost Art of Bipartisanship: Commentary." Roll Call. December 13, 2019. <https://www.rollcall.com/2015/05/18/reviving-the-lost-art-of-bipartisanship-commentary/>.

<sup>183</sup> Fitzgerald, Sandy and Dan Carden. "Our Work." Our Work: The Lugar Center. Accessed March 14, 2021. <https://www.thelugarcenter.org/ourwork-Bipartisan-Index.html>.

<sup>184</sup> Trubowitz, P., & Mellow, N. (2005). "Going Bipartisan": Politics by Other Means. *Political Science Quarterly*, 120(3), 433-453.

<sup>185</sup> Volden, Craig and Alan E. Wiseman. "Are Bipartisan Lawmakers More Effective?" Working Paper: 4-2016 Research Concentration: Legislative Politics and Policymaking. December 2016.

Ellingson-Cosenza concludes that bipartisanship in legislative actions is much more likely in competitive congressional districts and states. These actions are much less likely to occur where the electorate is safely one party.<sup>186</sup> Moreover, her research demonstrated that in candidates' language, "there is a strong relationship between competitiveness of the district and bipartisan mentions," and that candidates in districts that are highly competitive talk about the importance of bipartisanship more frequently. Research also shows that bipartisanship is brought up by candidates across the ideological spectrum evenly, but no relationship exists between the bipartisan rhetoric and bipartisan legislative actions.<sup>187</sup>

The electorate, however, is somewhat paradoxical. A recent poll showed that 54 percent of voters favored compromise and bipartisanship in Congress (44 percent of Republicans and 62 percent of Democrats).<sup>188</sup> But further research shows that voters "profess to want bipartisanship in the abstract sense, what they desire procedurally out of their party representatives in Congress is not to compromise with the other side."<sup>189</sup> While the majority of voters claim to want their elected officials to work across the aisle "to get the job done," most voters simultaneously want to see their elected official stick to the party's policy goals without compromise. In actuality, voters reward partisan behavior.<sup>190</sup> In fact, Harbridge et al. conclude that strongly partisan voters, "approve of individual members *more* when they engage in partisanship." This confirms Volden and Wiseman's research of the costly impacts that bipartisanship can have, particularly in the

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<sup>186</sup> Ellingson-Cosenza, Elena. "Winning through Compromise? An Examination of Bipartisanship and Electability." Oregon State University. 2020.

<sup>187</sup> Westwood, Sean J. "The Partisanship of Bipartisanship: How Representatives Use Bipartisan Assertions to Cultivate Support." *Political Behavior*, 2021. <https://doi.org/10.1007/s11109-020-09659-6>.

<sup>188</sup> Newport, Frank. "Americans Favor Compromise to Get Things Done in Washington." Gallup.com. Gallup, January 14, 2021. <https://news.gallup.com/poll/220265/americans-favor-compromise-things-done-washington.aspx>.

<sup>189</sup> Harbridge, Laurel, Neil Malhotra, and Brian F. Harrison. "Public Preferences for Bipartisanship in the Policymaking Process." *Legislative Studies Quarterly* 39, no. 3 (2014): 327–55. <https://doi.org/10.1111/lsq.12048>.

<sup>190</sup> Westwood.

form of a primary threat from a more polarized candidate in the party. While voters support these more polarizing candidates, however, voters continue to expect bipartisan governance from their elected officials.<sup>191</sup>

Celia Paris draws important conclusions about bipartisan action. First, her research concludes that voters reward bipartisanship regardless of legislative outcome (i.e. if a bill passes), but that bipartisanship only increases voter confidence in Congress when bipartisan also includes a legislative accomplishment.<sup>192</sup> Further, her research concludes that because even one legislative accomplishment of bipartisan policymaking increases confidence in Congress, it suggests, “that part but not all of the appeal of bipartisanship comes from its association with legislative productivity.” Voters hold a strong association of bipartisanship with successful legislative, regardless of how often or rare it occurs.

Second, research has focused on several characteristics as they relate to bipartisanship, namely minority status, gender, and the economy. Perhaps somewhat obvious, but bipartisan legislating is more likely to be pursued by a legislator serving in the minority party of their chamber.<sup>193</sup> A legislator in the minority party working alongside a legislator in the majority party, which controls the committee schedules and legislative agenda, increases the likelihood that a piece of legislation may advance. It is important to again note the caveat that a legislator’s electoral prospects are also highly determinant of a legislator engaging in bipartisan policymaking. Moreover, legislators themselves believe that acting in a bipartisan manner demonstrates open-mindedness (Trubowitz and Mellow 2005).

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<sup>191</sup> Ibid.

<sup>192</sup> Paris, Celia. “Breaking Down Bipartisanship.” *Public Opinion Quarterly* 81, no. 2 (2017): 473–94. <https://doi.org/10.1093/poq/nfw089>.

<sup>193</sup> Trubowitz and Mellow.

Divided government makes bipartisan legislating much more likely because parties necessarily must work together to advance a bill through both chambers and signed into law by a president. Since the 1970s, the federal government has been divided more than it has been held by a single party across the presidency, Senate and House of Representatives.<sup>194</sup> Only seven of the last 25 Congresses were single party rule—four by Democrats and three by Republicans. In times of divided government, research shows that moderates of both parties have a particularly high degree of political power within their own party and with the opposite.<sup>195</sup>

The perception of bipartisanship—whether or not it is true—also extends to female policymakers. Significant attention is paid to high-profile examples of female lawmakers breaking a gridlock or leading a bipartisan compromise. One such example is the ending of the stalemate during the 2013 federal government shutdown. These examples, however, are not representative of the reality of female policymakers.

Research shows that women are more collegial than their male counterparts and are more likely to participate in non-political events.<sup>196</sup> In her research, Lawless points to the annual Secret Santa and ‘Seersucker Thursday’ traditions on Capitol Hill. In another example, there are two annual sporting events in which legislators participate. The first, the Congressional Baseball game, was historically led by male policymakers. This game pits Democrats against Republicans. In contrast, the annual Women’s Congressional Softball Game features a bipartisan team of Democratic and Republican lawmakers versus female members of the Congressional press corps.

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<sup>194</sup>Canipe, Chris. “Presidency, House and Senate: What Happens When One Party Has Control.” *The Wall Street Journal*. Dow Jones & Company, January 20, 2017. <https://www.wsj.com/graphics/congress-control/>.

<sup>195</sup> Trubowitz.

<sup>196</sup> Lawless, Jennifer L., Sean M. Theriault, and Samantha Guthrie. “Nice Girls? Sex, Collegiality, and Bipartisan Cooperation in the US Congress.” *The Journal of Politics* 80, no. 4 (2018): 1268–82. <https://doi.org/10.1086/698884>.

However, these actions in collegiality are not related to female legislators' voting behavior. According to the Lugar Center's Bipartisan Index, women do not outscore men in their bipartisan actions. Instead, women generally score lower than men in this measure.<sup>197</sup> Instead, Lawless' research concludes that women's participation in bipartisan policymaking is incumbent upon two conditions: collegiality among female policymakers is more likely to create personal relationships with policymakers across the aisle that creates a sense of trust, and female policymakers build on that foundation to cooperate and engage in earnest to reach a compromise to advance legislation. Instead, a female legislator's likelihood of reaching across the aisle for policymaking, like male policymakers, is more correlated with her status in the minority party than with her gender.<sup>198</sup>

While the statistical significance of female policymakers on bipartisan policymaking is "essentially zero," Lawless makes clear in research that this does not diminish the importance of women in politics. Women holding elected positions is important to legitimizing a democratic government but does not necessarily reduce gridlock. Nevertheless, a stereotypical perception remains that female policymakers are more inclined to act in a bipartisan fashion.

The third factor that has been researched as relating to bipartisan policymaking is the state of the U.S. economy. Research shows that policymakers are more likely to engage in bipartisan policymaking when the economy is growing.<sup>199</sup> A growing economy in a divided government is especially likely to increase bipartisanship. In contrast, partisan behavior increases during economic downturns as the national parties seek to curry favor with their base and adhere to a

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<sup>197</sup> Ibid.

<sup>198</sup> Mason, Casey. "Gender and Bipartisan Cosponsorship: Evidence from the United States House of Representatives." University of North Carolina at Chapel Hill. April 3, 2019.

<sup>199</sup> Trubowitz.



more polarized political agenda.<sup>200</sup> Trubowitz draws a clear conclusion that these fleeting and inconsistent conditions can help to explain why bipartisan behavior is also a trend that ebbs and flows. The passage of legislation in the wake of the 2008 financial crisis and in response to the COVID-19 pandemic both demonstrate these factors contributing to partisan policymaking.

Finally, a growing body of research has focused on the role of bipartisanship on the effectiveness of policymakers. 2016 research from Volden and Wiseman concludes that, on average, “bipartisan policymakers are about ten percent more effective than partisan lawmakers.”<sup>201</sup> For policymakers in the minority party, that ten percent effectiveness increases to 33 percent. This research demonstrates that bipartisanship can be an effective strategy to achieve legislative success. Volden and Wiseman note that this trend for bipartisanship as a tool for legislative accomplishments has grown in recent Congresses than it has been in the past.

### Definitions

A cooperative is defined as a business that operates on the basis of one member, one share, one vote. Cooperatives incorporate under Subchapter T of the Internal Revenue Code or under the 501(c) umbrella. In this analysis, cooperatives will include:

- Agriculture cooperatives (both marketing and supply)
- Electric cooperatives, and their subsidiaries providing broadband
- Worker cooperatives
- Housing cooperatives, which for the purposes of this research feature market rate housing cooperatives and resident-owned communities of manufactured housing.
- Credit unions

Despite being a term of art, the definition of cooperatives varies widely in Federal legislation. This research encompasses legislation which references cooperatives by name or by tax code.

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<sup>200</sup> Ibid.

<sup>201</sup> Volden and Wiseman (2016).

For example, electric cooperatives operate as 501(c)(12) organizations, and are written somewhat interchangeably in bill text as ‘electric cooperative’ and ‘501(c)(12).’

Other forms of cooperatives exist within their business sectors but are not identified explicitly in legislation. The most prominent sector where this occurs is among retail food cooperatives—consumer-owned grocery businesses—because legislation has not been introduced to explicitly reference these businesses. Rather, food cooperatives are included in legislation that encompasses retail food stores without making a distinction as a cooperative.

Given the extent to which the Federal government depends on cooperative agreements, it is also important to note that these are not related to cooperative businesses. A cooperative agreement is defined as, “a legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity that (a) Is used to enter into a relationship the principal purpose of which is to transfer anything of value from the Federal awarding agency or pass-through entity to the non-Federal entity to carry out a public purpose...and (b) Is distinguished from a grant in that it provides for substantial involvement between the Federal awarding agency or pass-through entity and the non-Federal entity in carrying out the activity contemplated by the Federal award.”<sup>202</sup>

### Data and Methods

This research encompasses all non-appropriations Senate bills introduced between the 107<sup>th</sup> to the 116<sup>th</sup> Congress using the Library of Congress database (formerly THOMAS) now located at Congress.gov.

The bills were included as part of this data set when the legislation specifically addresses cooperative businesses as an eligible (or ineligible) entity. This is noteworthy because the dataset

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<sup>202</sup> 2 CFR § 200.24 - Cooperative agreement. Legal Information Institute.

excludes instances in which a cooperative would be eligible to participate based on its business activities, but not because it is a cooperative. For example, this definition of eligible employers of childcare businesses would be inclusive of cooperatives, but does not specifically reference cooperatives, so is not included in the data set.

“ELIGIBLE EMPLOYER. — (A) IN GENERAL. —The term “eligible employer” means any employer—(i) which was carrying on a trade or business engaged in the provision of child care assistance at a qualified child care facility (within the meaning of section 45F(c)(2)(A) of such Code without regard to the last sentence thereof) at any time during calendar year 2020”<sup>203</sup>

Co-ops operate in every sector of the U.S. economy and are often eligible for federal programs based on business operations rather than business structure. This research is intended to focus on legislation that specifically identifies cooperatives as a covered entity.

This approach also excludes legislation in which credit unions are mentioned only in the context of its regulatory body, the National Credit Union Administration. That is, if the NCUA is the focus of the legislation, not the credit unions themselves, the legislation was excluded from the data set.

In some legislative proposals, multiple forms of cooperatives are explicitly cited. In these cases, the bills were classified based on which type of cooperative appears first in the legislative text. In each of the twenty instances in which this occurs, the legislation is marked as containing multiple types of cooperatives with an asterisk. Legislation in which all cooperatives are addressed are classified as such.

Due to time constraints, this research is notably limited in both span of time and in only one chamber of Congress. This approach has two consequences that should be noted. First, this approach is somewhat misrepresentative of legislation that is introduced by a single Senator to

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<sup>203</sup> Childcare and Development Block Grant. 42 USC §9858n.

establish a formal counterpart to a House bill, and while it may garner significant bipartisan support throughout the legislative process, does not collect cosponsors in the Senate. An example of this includes the Agriculture, Conservation and Rural Enhancement Act of 2001 (107th Congress, S.1731). Then Senate Agriculture Committee Chairman Tom Harkin introduced the Senate bill without cosponsors. The Senate bill underwent a robust amendment process, but ultimately passed the House companion, the Farm Security and Rural Investment Act of 2002 (107<sup>th</sup> Congress, H.R.2646). This bill passed the Senate on a bipartisan 64-35 vote.<sup>204</sup> Due to the constraints of this analysis, the legislation is counted as not having any cosponsors and thus no readily available way to identify its bipartisan support.

Second, this approach does not include important pieces of legislation that were originated only in the House in this data set. This includes the CARES Act (H.R.748; Public Law No. 116-369)<sup>205</sup> which made important inclusion of cooperatives as covered entities for the Small Business Administration's Paycheck Protection Program and Economic Injury Disaster Loan Program, in which 'all cooperatives' are listed as eligible, marking a reform in SBA programs. Similarly, the Further Continuing Appropriations Act, 2021 (H.R.8900; Public Law No. 116-215) specifically made 'housing cooperatives' eligible for the Paycheck Protection Program, which the agencies declined to clarify up to that point.<sup>206</sup>

Further research would benefit from expanding to legislation introduced in the House of Representatives, amendments, and floor votes. However, the small number of bills that actually

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<sup>204</sup> "Roll Call Vote 107th Congress - 2nd Session." U.S. Senate: U.S. Senate Roll Call Votes 107th Congress - 2nd Session, January 16, 2020. [https://www.senate.gov/legislative/LIS/roll\\_call\\_lists/roll\\_call\\_vote\\_cfm.cfm?congress=107&session=2&vote=00103](https://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=107&session=2&vote=00103).

<sup>205</sup> CARES Act, H.R. 748, 116th Congress. (2020). <https://www.congress.gov/bill/116th-congress/house-bill/748/text>.

<sup>206</sup> "Habitat Interviews Sen. Chuck Schumer on Paycheck Protection Loans." Habitat Magazine, New York's Co-op and Condo Community, January 27, 2021. <https://www.habitatmag.com/Publication-Content/COVID-19/2021/2021-January/Habitat-Interviews-Sen.-Chuck-Schumer-on-Paycheck-Protection-Loans>.

have received a vote in the Senate in recent Congresses would limit the data so significantly as to, on its own, not be very representative of trends.

### Results

Between the 107<sup>th</sup> and 116<sup>th</sup> Congresses, Senators introduced 350 bills that featured cooperatives businesses. Overall, 178 of these bills—51 percent—were bipartisan with at least one cosponsor of the opposite party of the lead sponsor. Of the 350 co-op bills, 272 bills had at least one cosponsor. Ninety-four bills introduced were partisan, with cosponsors only of the same party as the lead sponsor. Among the 272 co-op bills in which the lead sponsor sought at least one cosponsor, 65 percent of bills were bipartisan.

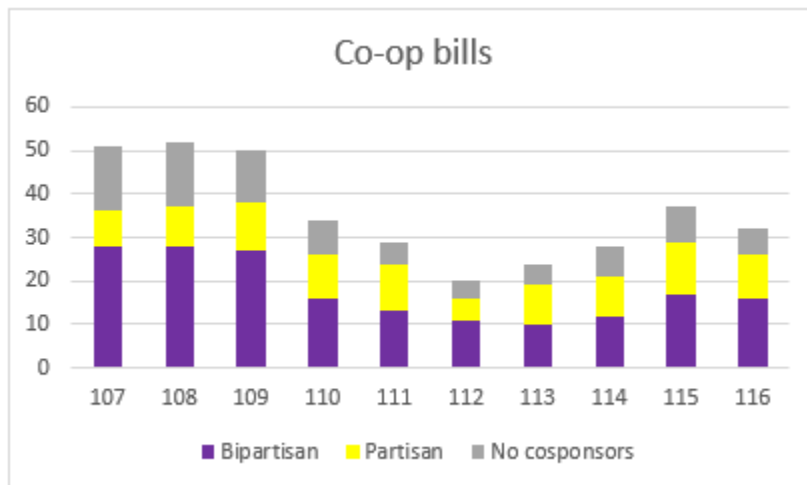


Figure 1.

While Democrats introduced more co-op bills overall (61 percent), Democratic-introduced bills were only 51 percent of the total bipartisan bills. Among Democratic co-op bills, 91 of the 214 bills introduced were bipartisan (42.5 percent). Among Republican co-op bills, 87 of 136 bills introduced were bipartisan (64 percent).

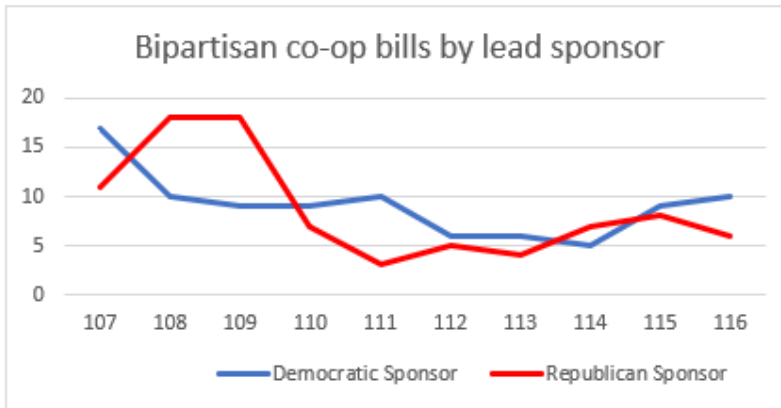


Figure 2.

Democrats were more than twice as likely than Republicans to introduce co-op legislation without any cosponsors. Among the 78 bills without any cosponsors, 54 were introduced by Democratic Senators and 24 were introduced by Republican Senators. Democrats introduced nearly three times as many partisan bills—bills with at least one cosponsor but only of the same party as the lead sponsor—as Republicans. Of the 94 partisan bills, Democrats introduced 69 bills (76.4 percent), while Republicans introduced 25 bills (26.6 percent).

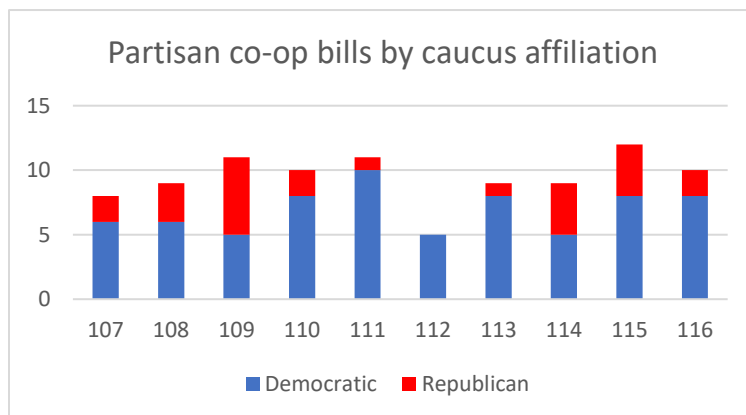


Figure 3.

Applying the research that suggests policymakers in the minority are more likely and motivated to introduce bipartisan bills (Trubowitz and Mason), this was true of half of the Congresses researched. That is, in five of the ten Congresses researched, the majority of bipartisan co-op bills were introduced by members of the minority caucus.

### By issue area

Unsurprisingly this research showed that the majority of bills focused on sectors of cooperatives that have a significant presence within their industry. Figure 4 shows the breakdown across the 350 co-op bills and also includes the 20 bills that significantly featured more than one co-op sector. Across most sectors—including multi-sector bills and cross-sector bills—the number of bipartisan bills was within five percent of being partisan at least half the time. The two exceptions to this are credit unions, which are overrepresented in bipartisanship, at 58 percent, and small business co-ops, which are underrepresented in bipartisanship at 29 percent. Bills that were inclusive of all types of cooperatives or prominently featured more than one type of cooperative were bipartisan 47.5 percent of the time.

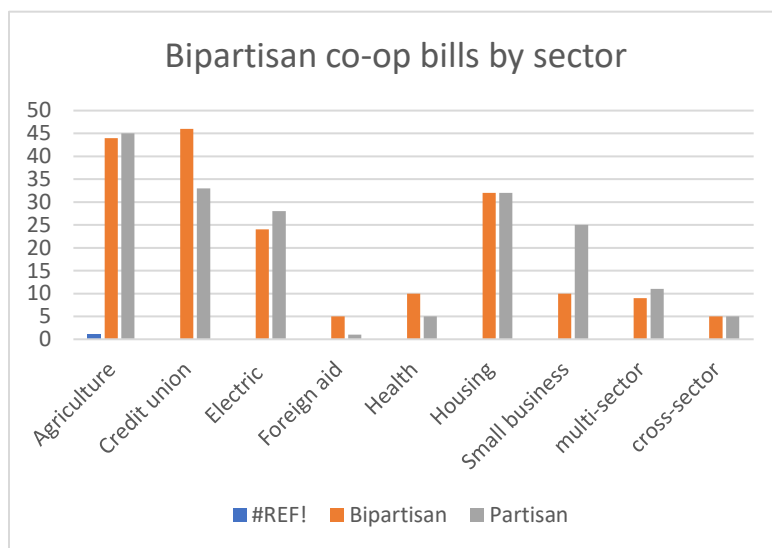


Figure 4.

One-quarter of all co-op bills were singularly or predominantly focused on domestic agricultural cooperatives. Of the 89 agriculture co-op bills, nearly half (49.4 percent) were bipartisan. Electric co-ops, accounting for about 15 percent of all co-op bills, were bipartisan approximately 46 percent of the time. These two sectors stand out because in the legislative time

frame that was researched (2001-2020), Congress passed four ‘Farm Bills,’<sup>207</sup> which entails reauthorizing programs at the U.S. Department of Agriculture and focus predominantly on agriculture, energy, and rural development. Farm bills hold a reputation of being deeply bipartisan. In the most recent 2018 Farm Bill, then Chairman Pat Roberts (R-KS) and Ranking Member Debbie Stabenow (D-MI) released a joint statement that read, in part, “The Senate Agriculture Committee’s bipartisan Farm Bill process is a reminder of how things should work in Washington – listening to the folks back home, working through issues with the other side of the aisle, then writing a good bill.”<sup>208</sup>

Credit unions account for approximately 23 percent of all co-op bills. Of the 79 credit union bills, 58 percent were bipartisan. Similar to agriculture and electric cooperatives, credit unions were part of two major pieces of legislation in the time frame researched, including the landmark Dodd-Frank Wall Street Reform and Consumer Protection Act (111-203)<sup>209</sup>. Several of the bipartisan bills related to credit unions in the 114<sup>th</sup> and 115<sup>th</sup> Congresses subsequently were included in a larger banking reform bill, the Economic Growth, Regulatory Relief and Consumer Protection Act (Public L. 115–174), which passed the Senate in the 115<sup>th</sup> Congress with bipartisan support (67-31) and was later signed into law by President Donald J. Trump.<sup>210</sup>

Housing co-op legislation enjoyed a significant number of proposals (64 bills) and despite bills be introduced by Democrats at about twice the rate of Republicans, the overall rate of bipartisanship remained at exactly 50 percent.

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<sup>207</sup> These bills include the Farm Security and Rural Investment Act of 2002, the Food, Conservation and Energy Act of 2008, the Agricultural Act of 2014, and the Agriculture Improvement Act of 2018.

<sup>208</sup> “Senate Agriculture Committee Passes Bipartisan Farm Bill: The United States Senate Committee on Agriculture, Nutrition & Forestry.” Minority News Newsroom The United States Senate Committee On Agriculture, Nutrition & Forestry, June 13, 2018. <https://www.agriculture.senate.gov/newsroom/rep/press/release/senate-agriculture-committee-passes-bipartisan-farm-bill>.

<sup>209</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, § 929-Z, 124 Stat. 1376, 1871 (2010) (codified at 15 U.S.C. § 78o).

<sup>210</sup> Economic Growth, Regulatory Relief, and Consumer Protection Act, S. 2155, 115th Cong. (2018).



Cooperatives in international development were the most bipartisan of all the sectors – with approximately 83 percent of all bills being partisan. However, this is a very small sample of just six bills. Across four case studies,<sup>211</sup> the Overseas Cooperative Development Council researched the role of cooperatives in graduating countries (Philippines, Kenya, Peru, and Poland) from U.S. foreign aid and alleviating poverty—characteristics that earn cooperatives support from U.S. policymakers.

Small business cooperatives had the lowest rate of bipartisanship, at 29 percent overall. However, important in this calculation is Senator Bernie Sanders ((I-VT), caucusing with Democrats) introducing two bills each of the five most recent Congresses that only receive Democratic support. Senator Sanders’ bills are equal to the number of bipartisan small business cooperative bills, at ten each. By removing Senator Sanders’ bills, small business cooperatives earn bipartisan support 40 percent of the time, much closer to other types of cooperatives. Small business cooperatives also had a significantly lower number of bills overall compared to agriculture, credit unions, electric and housing. This tracks closely with the low number of small business worker cooperatives overall in the U.S. economy, at less than one percent, cited in chapters two and three of this project, and the levels of support for small business cooperatives across most federal agencies.

#### By Congress

Lastly, the highest number of bills related to cooperatives were introduced in the 107<sup>th</sup> to 109<sup>th</sup> Congress (2001-2006). During this time, cooperative legislation garnered bipartisan support 55 percent of the time, slightly higher than the overall rate of bipartisan ship at 51

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<sup>211</sup> Hermanson, Judith A., Czachorska-Jones, B., Lucas, L. M., & Holst, A. Publication. *What Difference Do Cooperatives Make?: Philippines Country Study*. U.S. OCDC International Cooperative Research Group. Retrieved from [https://ocdc.coop/wp-content/uploads/2021/02/OCDC\\_Philippines\\_Proof10\\_LowRes.pdf](https://ocdc.coop/wp-content/uploads/2021/02/OCDC_Philippines_Proof10_LowRes.pdf).

percent. This could potentially be a result of the small economic recession that the United States experienced in the early 2000s, but because there is not a similar increase following the 2008, that cannot be concluded to be the driving force. Co-op legislation received its highest level of bipartisan support—55 percent—in the 107<sup>th</sup> Congress (2001-2002) and the 112<sup>th</sup> Congress (2011-2012). As both maintained the highest rates of bipartisan support, the 107<sup>th</sup> and 112<sup>th</sup> Congresses are at opposite ends of the spectrum of overall bills, with 51 and 20 co-op bills, respectively. While the number of cooperative bills was its lowest number in the 112<sup>th</sup> Congress, the number has steadily increased each Congress since.

Bipartisan support for co-op bills does not change in years that include presidential elections. Looking at both Presidential election years and midterm years, each type sees, once again, 51 percent of legislation receiving bipartisan support.

#### Lugar Center Bipartisan Index

As discussed in the literature view, working in a bipartisan fashion can have important implications for a politician's re-election. Many candidates speak prominently about working in a bipartisan fashion during their campaigns, as candidates report supporting this approach (despite wanting their candidates to stick to their party's policy agenda). So, it is useful to apply the lead sponsors of legislation on cooperatives to a policymaker's history of bipartisanship.

In this research, Senator Bernie Sanders who identifies as an Independent but caucuses with Democrats, stood out as each of his 12 bills related to cooperatives were introduced either without cosponsors or with cosponsors only from the Democratic Caucus. This is very consistent with his overall legislative activity. According to the Lugar Index, Senator Sanders has been ranked in the top ten most partisan Senators since he was elected to the Senate in 2006 in all but

one Congress (110<sup>th</sup>).<sup>212</sup> This is also consistent with how other legislators in this category behaved, regardless of party. For example, Senators Ted Cruz (R-TX) and Richard Shelby (R-AL) also are consistently in the top ten most partisan according to the Lugar Index.<sup>213</sup> Cruz and Shelby also had zero bipartisan bills in this research. However, Cruz and Shelby introduced far fewer bills than Sanders—four and two bills, respectively.

However, the Lugar Index also points out legislators who consistently operate in a bipartisan fashion. In the last ten Congresses, the most bipartisan Senators have been: Susan Collins (R-ME), Chuck Grassley (R-IA), Kent Conrad (D-ND), Richard Lugar (R-IN) and Joe Lieberman (D-CT). Grassley introduced the most co-op bills (25) in this time period, across agriculture, utilities, energy, and financial services. Former Senator Olympia Snowe (R-ME) also earns high marks from the Lugar Center, and was in the top ten most bipartisan during six Congresses—third all-time only trailing Senators Collins and Grassley, who each appear in the top ten list from seven Congresses. These Senators account for sponsoring nearly 17 percent of the total legislation related to cooperatives. As Lugar notes, legislators who consistently behave in a bipartisan fashion are less interested in political posturing and more interested in policymaking and good governance. While to some degree, their legislative activity is related to the presence of cooperatives in their constituencies, these policymakers also led legislation in sectors that did not correlate with a strong constituency in their states. For example, Former Senator Snowe led several bills investing in electric co-ops to promote energy efficiency improvements, despite only about one-third of Maine receiving electricity by a cooperative. Moreover, this legislation included energy efficiency improvements on housing cooperatives, despite a relatively small number of those cooperatives at the time the Senator was in office. In another example, for many

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<sup>212</sup> Fitzgerald.

<sup>213</sup> Ibid.

years, Senator Collins led legislation that sought to create cooperatives for small businesses to form to increase access to affordable health insurance, although there was no such model already in place in the state (or the country). Instead, Collins turned to the cooperative model as a strategy that has worked elsewhere and sought to apply it to the policy challenges in health care. Finally, Senator Grassley's legislative activity points toward good governance policymakers using cooperatives as a tool to address emerging public policy challenges and opportunities. As the energy economy began to embrace wind and solar energy, Grassley introduced legislation that would enable existing cooperatives and new cooperatives to capture the opportunities of new clean energy programs. Similarly, Grassley—and many other legislators—in recent years have centered cooperatives in policy related to broadband deployment. These examples are notable in that Congress could have chosen, like the body did in the early 1900s, to try to incent investor-owned companies to build out the clean energy economy or deploy broadband (for example, through major telecommunications companies or small, private Internet Service Providers). Instead, in both of these policy areas, Grassley included and prioritized cooperatives from the very beginning to carry out programs to drive economic activity or close existing gaps.

#### What drives support?

Characteristics of cooperative businesses garner support from Republicans and Democrats for different reasons in line with their respective party platforms. In 2012, the Republican National Committee party platform stated, “Republicans believe that the employer-employee relationship of the future will be built upon employee empowerment and workplace flexibility, which is why Republicans support employee ownership.”<sup>214</sup> While the platform went on to discuss Employee Stock Ownership Plans, insight can be gained from the statement as it

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<sup>214</sup> “2012 Republican Party Platform.” 2012 Republican Party Platform | The American Presidency Project, August 27, 2012. <https://www.presidency.ucsb.edu/documents/2012-republican-party-platform>.

relates to cooperatives. Moreover, Republicans tend to prioritize market-based, unsubsidized business solutions—a category in which cooperatives fall as autonomously and independently owned and controlled businesses. To a certain degree, Republicans also support cooperatives out of necessity as they are high proportions of the economy in their states and districts with significant rural populations, specifically as they relate to agricultural and electric cooperatives.

In 2016, Democrats included support for profit-sharing mechanisms in their party platform, as a tool to prioritize long-term investment rather than short-term profits and to combat rising inequality stating, “Corporate profits are at near-record highs, but workers have not shared through rising wages. Profit-sharing is linked to higher pay and productivity...we will incentivize companies to share profits with their employees...while targeting the workers and businesses that need profit-sharing the most.”<sup>215</sup>

In the midst of disasters, Senators of both parties spoke out in support of cooperatives. 2020 alone provides numerous examples, including Republican Senators Chuck Grassley and Joni Ernst (R-IA) urging support for agricultural cooperatives, which were not able to access disaster assistance like other agribusinesses in the wake of massive storms, “When a cooperative loses money, our farmers lose out as well.”<sup>216</sup> In another example, a bipartisan group of 43 senators came to the support of electric cooperatives, whose eligibility for the Small Business Administration’s Paycheck Protection Program was uncertain, stating “We request you ensure America’s electric cooperatives are deemed as qualifying business concerns and are able to fully

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<sup>215</sup> “2016 Democratic Party Platform.” 2016 Democratic Party Platform | The American Presidency Project, July 21, 2016. <https://www.presidency.ucsb.edu/documents/2016-democratic-party-platform>.

<sup>216</sup> Oates, Trevor. “Ernst, Grassley Call on USDA to Assist Ag Co-Ops Impacted by Derecho.” KWWL, September 24, 2020. <https://kwwl.com/2020/09/24/ernst-grassley-call-on-usda-to-assist-ag-co-ops-impacted-by-derecho/>.

participate and benefit as small businesses serving their local communities.”<sup>217</sup> Majority Leader Chuck Schumer (D-NY) also fought for cooperatives during the COVID-19 pandemic, ensuring the housing cooperatives could access the Paycheck Protection Program, “It’s the first time that housing co-ops were recognized for their importance and vitality. I was able to get legislators who didn’t know about housing co-ops to come on board to help me. And I think it’ll be a change that will work in the future.”<sup>218</sup> Schumer also noted the challenge of educating senators about cooperatives in smaller sectors.

Schumer is not the only legislator who sees cooperatives as a tool to help solve new and different challenges. For example, Senator Marco Rubio (R-FL) has introduced legislation to use cooperatives to increase U.S. competitiveness against China as it relates to manufacturing of rare Earth minerals.<sup>219</sup> In a statement, he said, “Historically, agricultural and electric cooperatives have stood as one of the greatest success stories of the United States.”<sup>220</sup> Grassley, in 2009, described co-ops not only as policy solution, but a political one, stating, “...I’ve known co-ops for 150 years, as we’ve known them in the Midwest. They’re a good institution,”<sup>221</sup>

## Conclusion

Across the 20 years of legislative activity in this research, cooperatives demonstrate a strong track record of bipartisanship across nearly every sector. The number of bills introduced that seek to use the cooperative model as a public policy tool is increasing again after peaking in

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<sup>217</sup> “U.S. Senators Tina Smith, John Hoeven Lead Bipartisan Push to Treasury Department, Small Business Administration to Ensure Eligibility of Rural Electric Cooperatives in Paycheck Protection Program.” Senator Tina Smith, April 22, 2020. <https://www.smith.senate.gov/us-senators-tina-smith-john-hoeven-lead-bipartisan-push-treasury-department-small-business>.

<sup>218</sup> Habitat.

<sup>219</sup> RE-Coop 21st Century Manufacturing Act, S.2093, 116<sup>th</sup> Cong. (2020).

<sup>220</sup> “Rubio Introduces Bill to Combat China’s Rare Earth Monopoly, Boost U.S. Advanced Manufacturing.” Office of U.S. Senator Marco Rubio, July 11, 2019. <https://www.rubio.senate.gov/public/index.cfm/2019/7/rubio-introduces-bill-to-combat-china-s-rare-earth-monopoly-boost-u-s-advanced-manufacturing>.

<sup>221</sup> Burns, Douglas. “Are Rural Electric Co-Ops a Model for Health Care?” The Daily Yonder, November 30, -1. <https://dailyyonder.com/are-rural-electric-co-ops-model-health-care/2009/08/28/>.

the early 2000s and reaching its lowest point in the 112<sup>th</sup> Congress. In the last year, in which communities across the country experienced devastating and compounding crises, senators demonstrated their support across co-op sectors, including in broad, bipartisan manners.

There is also growing public support from Americans to combat corporate consolidation and rising wealthy inequality. A 2018 survey found that 76 percent of people were “either somewhat or very concerned that big corporations have too much power over your family and your community.”<sup>222</sup> In the same survey, respondents indicated sweeping support for a candidate who sought to “break up monopolies and reduce corporate power,” and these views held steady across political ideology, age, race, and gender of respondents.

Similarly, there is growing concern from Americans about growing inequality. A 2020 survey showed 61 percent of respondents thought “there is too much income inequality” in the United States.<sup>223</sup> This survey showed Democrats were about twice as concerned as Republicans about this problem and its root causes. However, in a separate survey of young people under age 30, the majority of respondents said that wealth inequality was a problem *and* that this is a major problem.<sup>224</sup>

For both corporate consolidation and economic inequality, there remains disagreement on the root causes of these problems and the policy solutions in addressing them—including issues on which Congress has been gridlocked like the minimum wage, and corporate and individual tax rates—but there is resounding support on both sides of the aisle to do *something* to address these challenges.

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<sup>222</sup> Dayen, David. “Attacking Monopoly Power Can Be Stunningly Good Politics, Survey Finds.” The Intercept, November 28, 2018. <https://theintercept.com/2018/11/28/monopoly-power-corporate-concentration/>.

<sup>223</sup> Palmer, James. “Poll: Most Americans Say There Is Too Much Wealth Inequality.” Courthouse News Service, January 10, 2020. <https://www.courthousenews.com/poll-most-americans-say-there-is-too-much-wealth-inequality/>.

<sup>224</sup> “Political Issue: Wealth Gap.” The Institute of Politics at Harvard University, 2020. <https://iop.harvard.edu/political-issue-wealth-gap>.

From the record of success in addressing big challenges and the bipartisan support in Congress, cooperatives can be a useful tool not only because of the principles by which the business is governed to increase ownership and a voice in governance, but also because policy that promotes cooperatives—using tools like increasing access to affordable capital, tax incentives, greater availability in technical assistance, or others—can be applied to businesses across sectors to address both long-standing and emerging challenges. That is, a single toolkit to enable cooperative business development could allow people, businesses, and communities to use cooperatives to address the most pressing challenges in their own community. For example, the growth of major pharmacy chains has had a negative consequence on locally-owned pharmacies. Enabling pharmacies to easily form purchasing cooperatives can increase buying power and viability of independent pharmacies. Similarly, the United States faces a shortage of affordable childcare options. Increasing the tools available for parents (consumers), caregivers (workers), or offered by small businesses (services) to form cooperatives holds the potential to increase the number of childcare facilities to make prices more affordable and improve the quality of work and as a result, improve the quality of care. A cooperative solution can be applied to other big challenges like a shortage of affordable, sustainable housing, a lack of competition in manufacturing, or unreliable broadband Internet access.

A cooperative solution can also be applied to a broad range of emerging challenges and opportunities in data and technology. As consumers create exponentially greater amounts of data, cooperatives can empower people to profit from the information and products their data creates, for example the data generated by farmers related to soil, nutrients, and harvesting. In another example, pharmaceutical companies profit from the drugs created using research from patient data. Despite generating the information for the pharmaceutical, the patients see zero of the



profits. Cooperatives can empower patients to reap financial benefits from companies that choose to use their health information. Cooperatives can also be a tool to create a fairer work environment for app-based platform workers. Whereas investor-owned apps return the vast majority of profits to shareholders, platform cooperatives return the profits to its member-owners—usually workers.

This research showed that cooperatives, in nearly every way it is analyzed, earns a significant degree of bipartisan support, including when a bill has at least one cosponsor, the rate of bipartisanship increases to nearly two-thirds. Moreover, this research has shown that cooperative legislation is pursued by policymakers at all points along the political spectrum, and as a tool supported by both parties, can be a viable tool regardless of a legislator's motives or goals. The research also showed that in major pieces of legislation across sectors, legislators depended upon cooperatives—from agriculture and utilities to health care to financial services. Senators with a track record of being bipartisan introduced nearly 17 percent of the co-op legislation in this time frame and shows that legislators with an interest in good governance and policymaking view cooperatives as a bipartisan path to address policy and political challenges. With longstanding support for the cooperative model among policymakers and growing interest in applying the cooperative model to new and emerging challenges, cooperatives can continue to provide a path for bipartisan policymaking to address large economic and social problems in the country, as it did a century ago.

### **Conclusion and recommendations**

Since the founding of the United States, cooperatives have been a tool to help people improve social and economic inclusion, mobility, and resilience. By operating on the basis of seven international cooperative principles including being owned and controlled by its members, cooperatives are distinct from other types of business models. Cooperatives exist in every sector

of the U.S. economy, and the nature of a cooperative's local ownership ensures the business remains dynamic to the needs of its member-owners. As such, each cooperative in the U.S. looks at least a little bit different from another.

While the U.S. economy as a whole has experienced a rise in corporate consolidations and practices short-termism, cooperatives have remained steadfast in their service to the cooperative's member-owners, simply because that is who holds the governing power. Cooperatives distinguish themselves as businesses that return gains to the member-owners in the form of patronage dividends. This research has shown that, like other types of economic development, the enabling environment from the local, state, and federal government contributes to sectoral growth. Cooperatives have not seen support uniformly across sectors or across the United States, and a lack of access to these programs, tools, and services—particularly in comparison to conventional businesses—has added challenges to cooperative business development.

This research identified four factors at the state and local level that promote the development of cooperative businesses: state statutes, technical assistance providers and educators, access to finance, and associations. Of particular importance is a state's cooperative business statute. Across the United States, the presence of cooperative statutes varies widely. While most states have incorporating laws to support agricultural, electric, and financial services cooperatives (credit unions), many states lack statutes to support cooperative businesses outside of these sectors. Both specific and general cooperative statutes contribute to the development of cooperative businesses. A growing number of states have enacted "general" cooperative business statutes. This activity occurs disproportionately in states that have strong local ecosystems of cooperatives, including associations that advocate for support of cooperatives by policymakers,

as well as technical experts in business development and finance. In the absence of a state enacting legislation to incorporate as a cooperative business, support from the Uniform Law Commission, a non-profit, non-partisan organization that seeks to bring uniformity across state laws, could provide a common definition of cooperative business across the United States and across sectors.

Policymakers at the local and state level could help more constituents capture the aforementioned economic and social benefits of cooperatives by incorporating cooperatives into opportunities created through federal programs that allocate flexible funds to state and local governments. For example, the Department of Housing and Urban Development's Community Development Block Grant. The flexible nature of this grant creates numerous possibilities, for example, establishing revolving loan funds to increase access to capital for cooperative businesses or use the funds to directly support the development of a limited equity housing cooperative. This program could also support business preservation efforts or reduce food deserts through cooperatives.

Another example where states could leverage federal dollars to support local cooperative development includes the Department of Labor's Workforce Innovation and Opportunity Act (WIOA) program.<sup>225</sup> WIOA seeks to support unemployed and underemployed workers through job training and re-training efforts to, "Increase the employment, retention, and earnings of participants...and as a result, improve the quality of the workforce, reduce welfare dependency, increase economic self-sufficiency, meet the skill requirements of employers, and enhance the productivity and competitiveness of the Nation."<sup>226</sup> States could include training on cooperative

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<sup>225</sup> Public Law No. 113-128.

<sup>226</sup> Bradley, David H. *The Workforce Innovation and Opportunity Act and the One-Stop Delivery System*. Washington, D.C. 21 January 2021. <https://crsreports.congress.gov/product/pdf/R/R44252>.

business development, education, and governance to help more workers achieve the benefits of cooperatives—like higher pay and benefits—to meet the goals of WIOA.

To further promote cooperative business growth, local and state governments could also create preferential procurement opportunities for cooperatives competing for government contracts. That is, cooperatives applying to secure a government contract would receive some degree of additional scoring in their application for being a cooperative business. This would signal a local or state government's support for businesses whose priorities extend beyond profits and instead prioritize the stability and sustainability of the local business and community. This incentive is likely to be more successful at the state and local levels because cooperatives tend to be very small businesses, and thus would have a difficult time meeting the scope of demand from a federal contract opportunity.

At the federal level, comparison between the U.S. Department of Agriculture and the U.S. Small Business Administration clearly demonstrates the importance of equal access to support at federal agencies. At USDA, cooperative businesses—primarily agricultural and utility—can seamlessly access programs that provide capital and technical assistance. In fact, USDA has an entire office dedicated to supporting cooperative businesses. Both agricultural and electric cooperatives also have federal statutes that facilitate the integration of cooperatives into federal programs. These cooperative sectors operate in and alongside mainstream, major businesses. The urgent impetus for cooperatives to be embedded at USDA was largely because cooperatives were a tool of last resort to solve a nearly existential problem for rural America. The policy challenges have not been wholly understood to have reached a similar degree of urgency, in non-rural areas to drive more agencies to incorporate cooperatives alongside other ownership models.

The SBA, in contrast to USDA, does not have a provision within the agency's authorization that addresses cooperative businesses. This contributes to the limited growth of worker-owned and consumer-owned cooperatives, in comparison to other types of small business that are able to access these tools, services, and programs to start or grow their business. Small businesses depend on the financing guarantee and technical assistance provided by the Small Business Administration and its network of Small Business Development Centers. Because these entrepreneurs are not able to access this type of assistance, the cooperative either stalls, pursues entrepreneurship via a different business model, or seeks assistance from a much smaller network of specialists in cooperative business finance and technical assistance. The shortcomings of the SBA's ability to work with cooperative businesses was evident during COVID-19 pandemic. Instead, the agency is driven to promote sole or limited ownership business models rather than as a collective.

The SBA is well within its authority to reform its regulations to ensure that cooperatives may also participate in the agency's financing programs. This step would be beneficial to economic growth as cooperatives have significantly lower barriers to entry than other business forms, promoting entrepreneurship among disadvantaged communities—in addition to more of the many other benefits that cooperatives can enable. Congress could also legislate a solution that allows cooperatives to access SBA financing in a way comparable to USDA financing so that businesses can participate without regard to ownership structure. As this research showed, USDA loan guarantees—to cooperatives or other types of businesses—are often much larger than guarantees made by the SBA. Simply by being smaller loans, SBA guarantees to cooperatives would pose a lower risk to taxpayer dollars.

Cooperatives would likely have a greater share in the market if cooperatives were better integrated across agencies and the same opportunities for support were available to cooperatives as non-cooperative entities. This could include at the Department of Housing and Urban Development, Department of Labor, and Department of Commerce. Further, cooperative businesses would likely increase in number of these agencies adopted policies, programs and employed and trained staff to incorporate cooperatives in community and economic development programs. The USDA Rural Business-Cooperative Service could serve as a model for offices across federal agencies.

Cooperatives in smaller sectors cannot always be pinned to a single problem. Rather, like economic development on the whole, the barriers are often multi-faceted. However, for cooperatives, the barriers can generally be traced back to at least one essential aspect of general business development being absent, whereas other business have access to an array of services and programs. While this research has sought to understand cooperatives across sectors and across federal agencies, there would be great value to furthering research both within smaller co-op sectors and collectively across sectors.

Finally, a review of the last 20 years in Senate history shows a strong presence of bipartisanship on legislation that addresses cooperative businesses. Legislation that includes cooperative businesses is bipartisan about 51 percent of the time. When there is at least one cosponsor legislation, the rate of bipartisanship grows to over 60 percent. Most individual sectors have a similarly high rate of bipartisanship, as does multi- and cross-sector cooperative legislation. Moreover, legislation addressing cooperatives is pursued extensively by Senators with a strong track record of bipartisanship in their positions. The Lugar Center rates Members of Congress and asserts that legislators that have high rates of bipartisan activity demonstrate

their interest in good governance and policymaking—as sometimes described as work horses rather than show horses. Further cross-sector research to incorporate legislation in the House of Representatives and further analyze legislative activity in both chambers would deepen understandings of these results.

Robert Putnam’s *Bowling Alone* remains a thought-provoking piece on the changes in American culture. As Americans feel a growing sense of exclusion, this research has shown cooperatives can contribute to fostering culture and deepening community revitalization. While democratic institutions require time and effort, as organizations that require the active participation and voice of its member-owners, cooperatives create the space for people to use their voice and have a greater level of autonomy over the businesses they use or at which they work or live.

There are major economic and social challenges facing the United States, and while cooperatives may not be the singular solution, this research shows that by providing support to cooperatives comparable to other types of community economic development can help people and communities make significant strides toward greater economic opportunity, social inclusion, and sustainable, long-term growth.

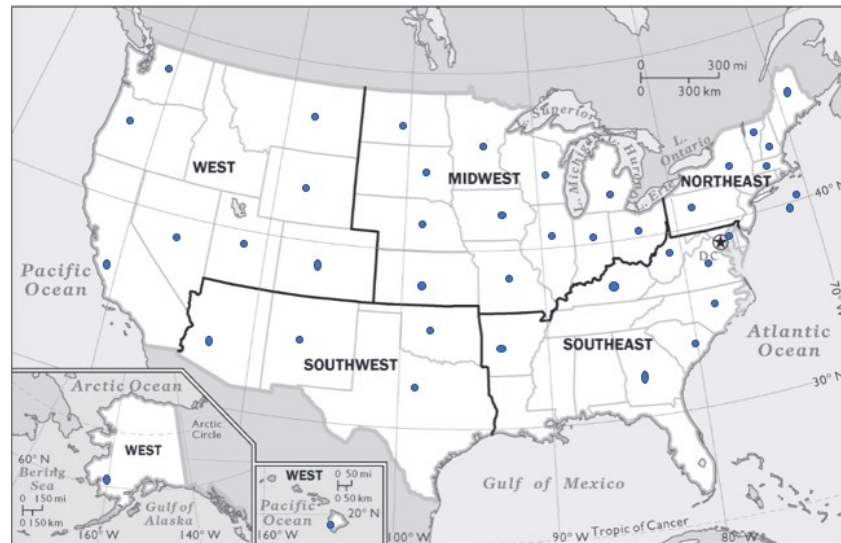
## Appendices

### Appendix A



Map of United States divided in five regions: West, Southwest, Midwest, Southeast and Northeast. National Geographic Society. “United States Regions.” National Geographic Society, November 9, 2012. <https://www.nationalgeographic.org/maps/united-states-regions/>.

### Appendix B

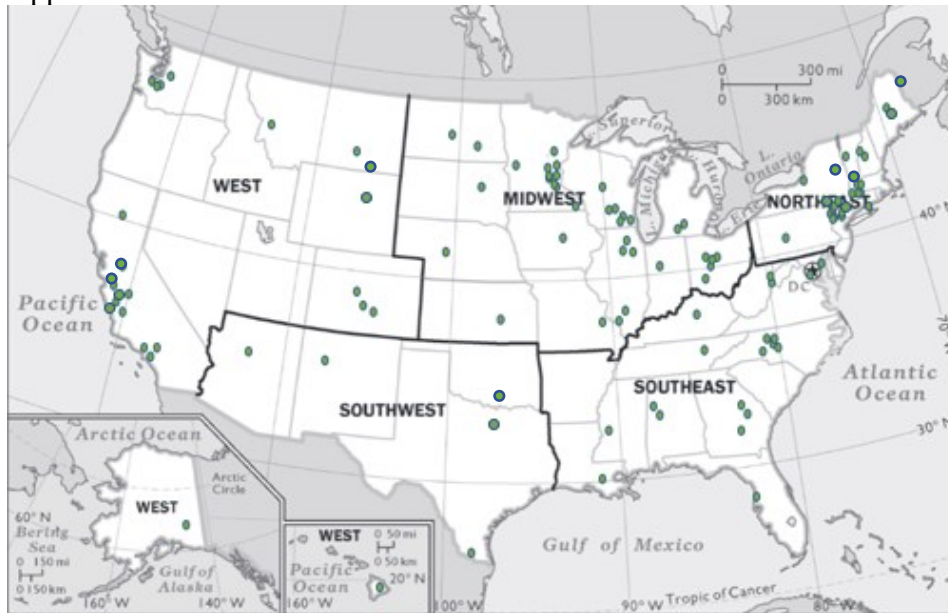


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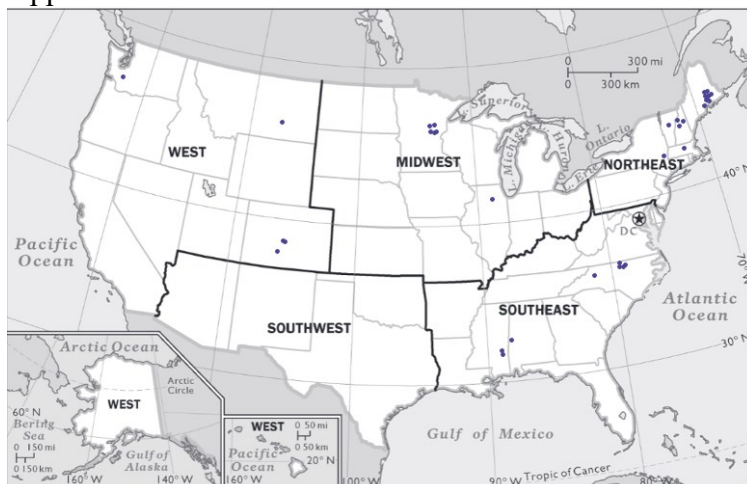


## Appendix C



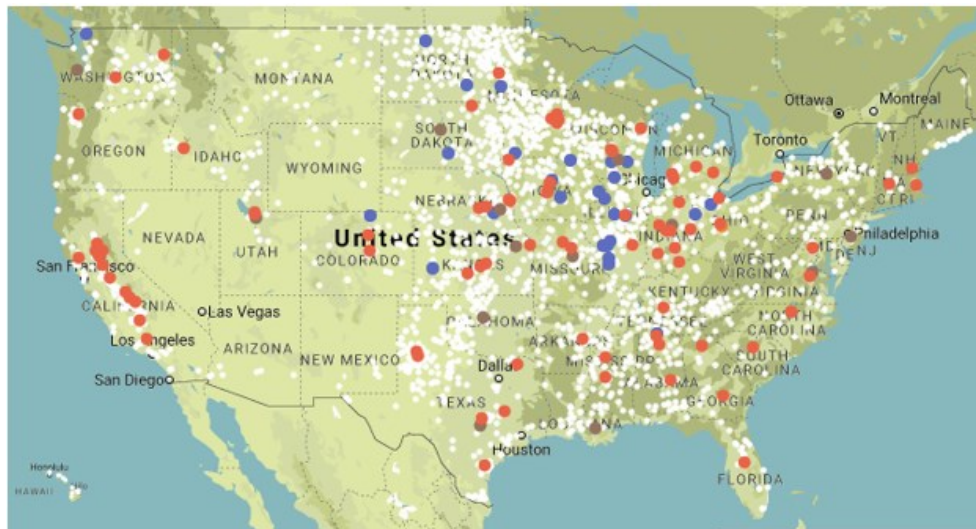
Cooperative business technical assistance providers. West, Esther J. *Cooperative Development*. National Cooperative Resource Ecosystem. University of Wisconsin Center for Cooperatives. Madison, WI, 2020.  
[https://resources.uwcc.wisc.edu/Research/UWCC\\_National\\_Resource\\_Ecosystem\\_Developers\\_Nov2020.pdf](https://resources.uwcc.wisc.edu/Research/UWCC_National_Resource_Ecosystem_Developers_Nov2020.pdf).

## Appendix D



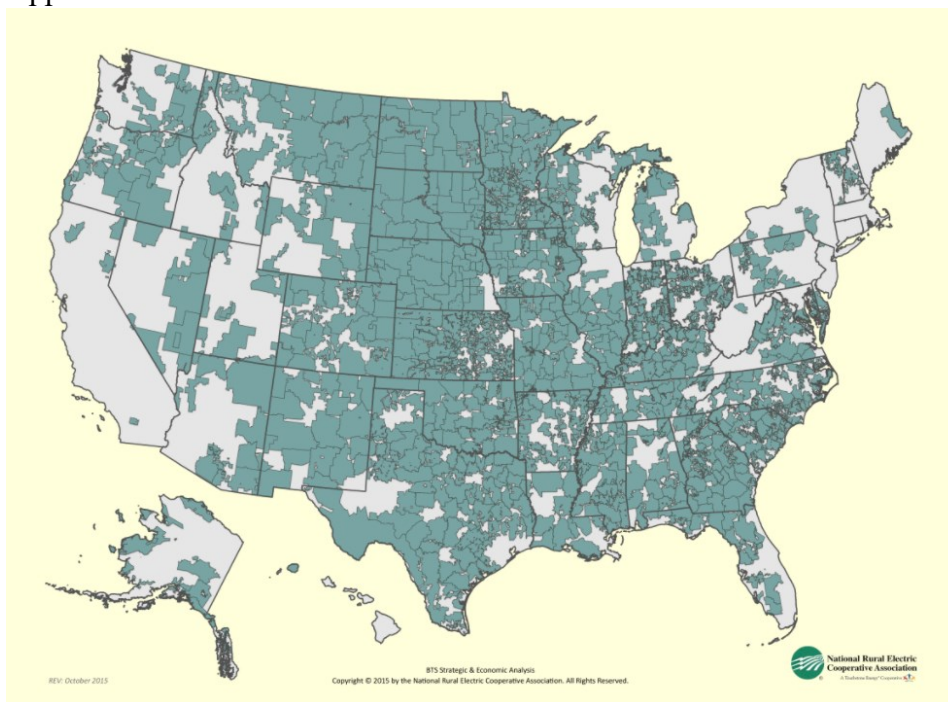
Cooperative business capital providers. West, Esther J. *Co-op Friendly Capital*. National Cooperative Resource Ecosystem. University of Wisconsin Center for Cooperatives. Madison, WI, 2020.  
[https://resources.uwcc.wisc.edu/Research/UWCC\\_National\\_Resource\\_Ecosystem\\_Associations\\_May2020.pdf](https://resources.uwcc.wisc.edu/Research/UWCC_National_Resource_Ecosystem_Associations_May2020.pdf)

## Appendix E



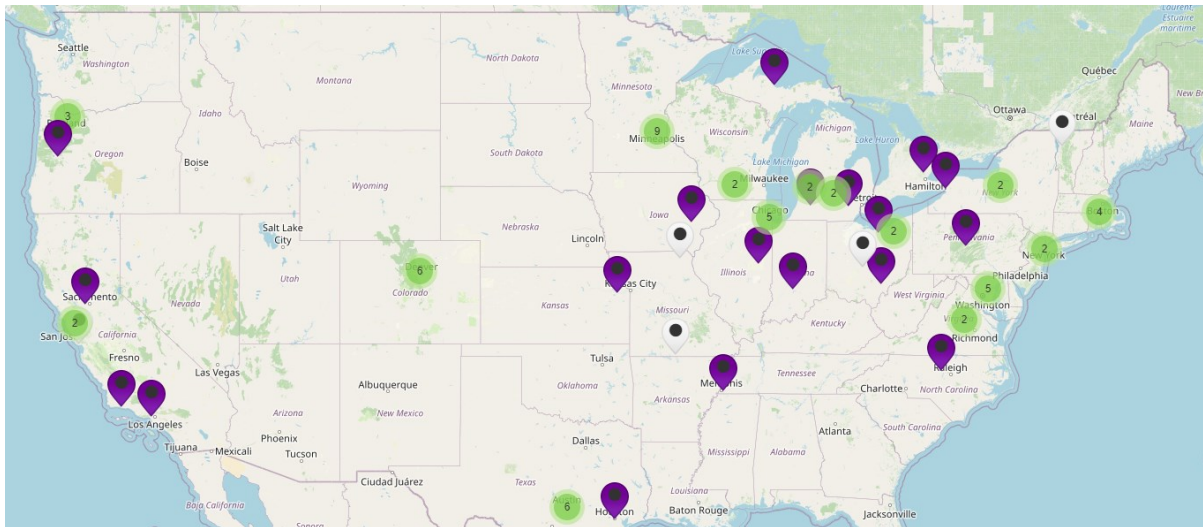
Map of U.S. farmer cooperatives. “Farmer Cooperative Directory.” National Council of Farmer Cooperatives. 2020. <http://ncfc.org/about-ncfc/>.

## Appendix F



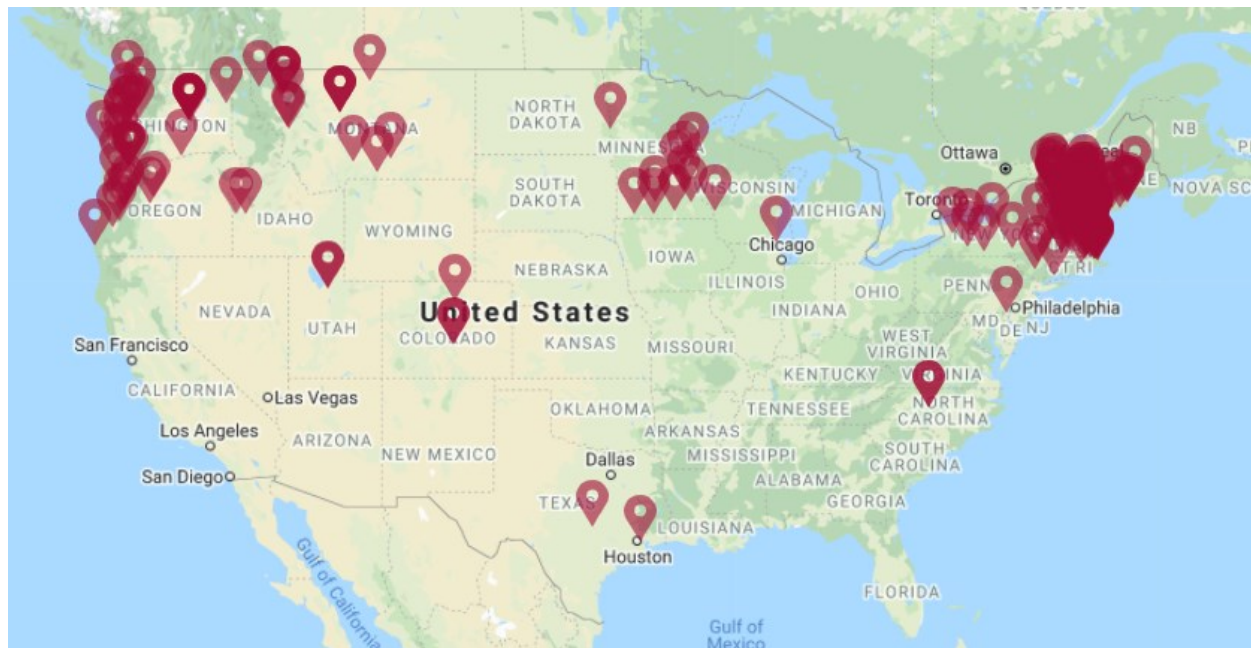
Map of electric cooperatives service area. National Rural Electric Cooperative Association. “Electric Co-Op Facts & Figures.” America's Electric Cooperatives, June 24, 2020. <https://www.electric.coop/electric-cooperative-fact-sheet/>.

## Appendix G



Map of student housing cooperatives. “Our Members.” Member Directory. North American Students of Cooperation, July 10, 2018. <https://www.nasco.coop/member-directory>.

## Appendix H



Map of resident-owned communities. “What’s a ROC? How Is It Different?” ROC USA®, May 20, 2020. <https://rocusa.org/whats-a-roc/>.

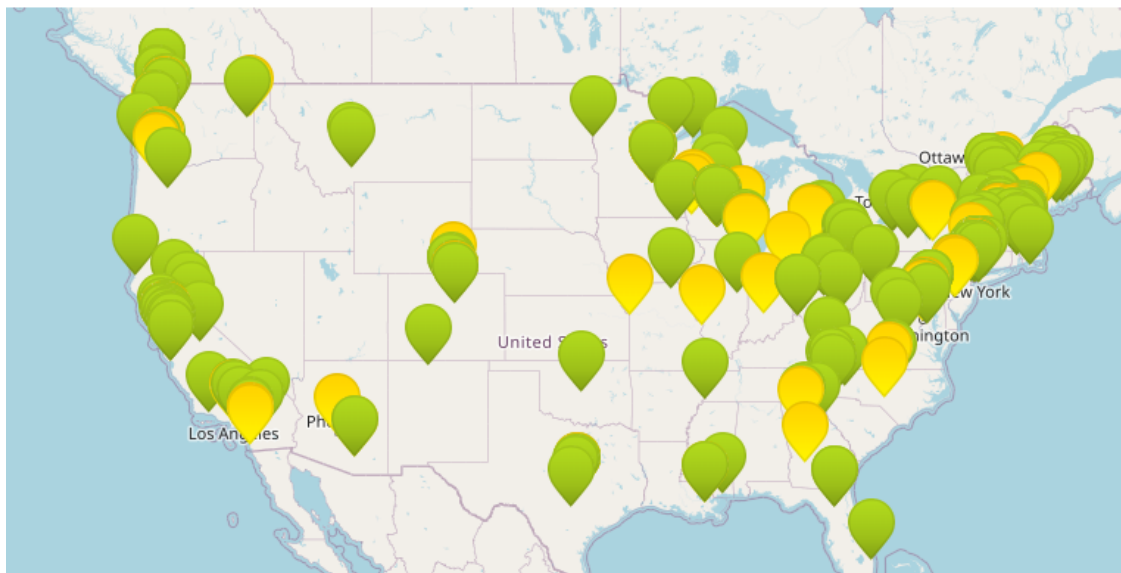


## Appendix I



Map of retail food cooperatives. “About Us.” National Co+op Grocers, December 14, 2020. <https://www.ncg.coop/about-us>.

## Appendix J



Map of worker cooperatives; in which the green pins represent worker cooperatives; yellow pins represent democratically-governed workplaces that are not incorporated as a co-op. “Find a Worker Co-Op.” US Federation of Worker Cooperatives. Accessed December 15, 2020. <https://www.usworker.coop/directory/>.

**Tables**  
**Table 1**

Congress	Bill name	Bill #	Lead Sponsor	Caucus	Committee	Co-op Sector	Cosponsor (Y/N)	Bipartisan (Y/N)
116	Minority Depository Institution and Community Bank Depository Act	S.4644	Doug Jones	D	Banking	Credit Union	N	N/A
116	Food Supply Protection Act	S. 4453	Debbie Stabenow	D	Agriculture	Agriculture/Worker	Y	Y
116	Flexible Financing for Rural America Act	S.4152	John Hoeven	R	Agriculture	Electric	Y	Y
116	Job Creation through Energy Efficient Manufacturing Act	S.4147	Jeff Merkley	D	Energy and Natural Resources	Electric	N	N/A
116	Local FARM Act	S.4140	Cory Booker	D	Agriculture	Agriculture	Y	N
116	Neighborhood Homes Investment Act	S.4073	Ben Cardin	D	Finance	Housing	Y	Y
116	Food Supply Protection Act	S.3840	Debbie Stabenow	D	Agriculture	Agriculture	Y	N
116	Amend the CARES Act to establish a Community Capital Investment Program	S.3774	Gary Peters	D	Banking	Credit Union	N	N/A
116	Access to Credit for Small Businesses Impacted by the COVID-19 Crisis Act	S.3676	Ron Wyden	D	Banking	Credit Union	N	N/A
116	Banking for All Act	S.3571	Sherrod Brown	D	Banking	Credit Union	N	N/A
116	COVID-19 Relief for Small Businesses Act	S.3554	Ben Cardin	D	Small Business	Worker/Agriculture	Y	N
116	COVID-19 Recovery Grants for Small Business Act	S.3518	Ben Cardin	D	Small Business	Worker/Agriculture	Y	N
116	Expanding Access to Lending Options Act	S.3389	Tim Scott	R	Banking	Credit Union	Y	Y
116	Credit Union Modernization Act	S.3326	Thom Tillis	R	Banking	Credit Union	Y	N
116	Credit Union Governance Modernization Act	S.3323	Tina Smith	D	Banking	Credit Union	Y	Y
116	Disaster Assistance for Rural Communities Act	S.3278	James Risch	R	Small Business	Worker/Agriculture	Y	Y
116	SECURE Small Business Act	S. 3205	Catherine Cortez-Masto	D	Small Business	Worker	Y	Y
116	Community Broadband Mapping Act	S.3094	Jeff Merkley	D	Agriculture	Electric	N	N/A
116	Financial Institution Customer Protection Act	S.3003	Ted Cruz	R	Banking	Credit Union	Y	N

116	Protecting Critical Services for Mothers and Babies Act	S.2913	Tim Kaine	D	HELP	Worker	Y	Y
116	Veterans Members Business Loan Act	S.2834	Dan Sullivan	D	Banking	Credit Union	Y	Y
116	Rebuild Rural America Act	S.2704	Kirsten Gillibrand	D	Agriculture	Worker/Housing	Y	N
116	Manufactured Housing Community Sustainability Act	S.2571	Jeanne Shaheen	D	Finance	Housing	Y	N
116	HUD Manufactured Housing Modernization Act	S.1804	Catherine Cortez-Masto	D	Banking	Housing	Y	Y
116	Flexible Grid Infrastructure Act	S.1740	Ron Wyden	D	Energy and Natural Resources	Electric	N	N/A
116	United States Employee Ownership Bank Act	S.1661	Bernie Sanders	D	Banking	Worker	Y	N
116	BEST Act	S.1602	Susan Collins	R	Energy and Natural Resources	Electric	Y	Y
116	Clean Energy For America Act	S.1288	Ron Wyden	D	Finance	Agriculture/Electric/Housing	Y	N
116	Expanding Access to Sustainable Energy Act	S.1183	Amy Klobuchar	D	Energy and Natural Resources	Electric	Y	Y
116	SEAL Act	S.1177	Lisa Murkowski	R	Commerce	Worker	Y	Y
116	Revitalizing Underdeveloped Rural Areas and Lands Act	S.1032	Rob Portman	R	Finance	Electric	Y	Y
116	Refund to Rainy Day Savings Act	S.1018	Cory Booker	D	HELP	Credit Union	Y	Y
116	Improving Rural Access to Power Act	S.619	Jon Tester	D	Banking	Worker	Y	Y
115	Common Sense Credit Union Capital Relief	S. 3750	Mike Rounds	R	Banking	Credit Union	N	N/A
115	SEAL Act	S.3740	Lisa Murkowski	R	Commerce	Worker	Y	N
115	Refund to Rainy Day Savings Act	S. 3220	Cory Booker	D	Banking	Credit Union	Y	Y
115	Improving Rural Access to Power Act	S.3285	Jon Tester	D	Banking	Worker	Y	Y
115	John S. McCain National Defense Authorization Act for FY19	S.2987	James Inhofe	R	Armed Services	Worker	Y	Y
115	Local Cheese Promotion and Dairy Support Act	S.2813	Chris Murphy	D	Agriculture	Agriculture	Y	N

115	Community Wood Energy Innovation Act	S.2790	Jeanne Shaheen	D	Agriculture	Agriculture	Y	Y
115	Main Street Employee Ownership Act	S.2786	Kirsten Gillibrand	D	Small Business	Worker	Y	Y
115	Postal Banking Act	S. 2755	Kirsten Gillibrand	D	Banking	Credit Union	N	N/A
115	FARMERS FIRST Act	S. 2712	Tammy Baldwin	D	Agriculture	Agriculture	Y	Y
115	Veteran and Beginning Farmers Technical Assistance Act	S. 2573	John Boozman	R	Agriculture	Agriculture	Y	Y
115	Economic Growth, Regulatory Relief and Consumer Protection Act	S.2155	Mike Crapo	R	Banking	Credit Union	Y	Y
115	Health Care Choice Act	S. 2021	Ted Cruz	R	Health	Healthcare	Y	N
115	Worker Owned Wealth Act	S. 1788	Tammy Baldwin	D	Finance	Worker	Y	N
115	Flexible Grid Infrastructure Act	S. 1875	Ron Wyden	D	Energy	Electric	Y	N
115	Job Creation through Energy Efficient Manufacturing Act	S. 1687	Jeff Merkley	D	Energy	Electric	N	N
115	Protecting Consumers' Access to Credit Act	S. 1642	Mark Warner	D	Banking	Credit Union	Y	Y
115	Manufactured Housing Community Sustainability Act	S. 1581	Jeanne Shaheen	D	Finance	Housing	N	N
115	Bureau of Consumer Financial Protection Advisory Board Enhancement Act	S. 1579	Mike Rounds	R	Banking	Credit Union	Y	Y
115	Small Business Employee Ownership Promotion Act	S. 1538	Gary Peters	D	Small Business	Worker	Y	Y
115	Consumer Financial Protection Bureau Examination and Reporting Threshold Act	S. 1499	Pat Toomey	R	Banking	Credit Union	Y	Y
115	United States Employee Ownership Bank	S. 1082	Bernie Sanders	D	Banking	Worker	Y	N
115	WORK Act	S. 1081	Bernie Sanders	D	Health	Worker	Y	N
115	Clean Energy for America Act	S. 1068	Ron Wyden	D	Energy	Electric	Y	N
115	Reforming Finance for Local Economies Act	S. 923	John Kennedy	R	Banking	Credit Union	Y	N
115	Credit Union Residential Loan Parity Act	S. 836	Ron Wyden	D	Banking	Credit Union	Y	Y

115	To amend the Packers and Stockyards Act...	S. 813	Chuck Grassley	R	Agriculture	Agriculture	Y	Y
115	To modify the credit for production from advanced nuclear power facilities	S. 666	Tim Scott	R	Finance	Electric	Y	Y
115	Thompson Divide Withdrawal and Protection Act	S.481	Michael Bennet	D	Energy and Natural Resources	Electric	N	N/A
115	TAILOR Act	S. 366	Mike Rounds	R	Banking	Credit Union	Y	N
115	SeniorSafe Act	S. 223	Susan Collins	R	Banking	Credit Union	Y	Y
114	Medical Bankruptcy Fairness Act	S. 3385	Sheldon Whitehouse	D	Judiciary	Housing	Y	N
114	Capital for Farmers and Ranchers Act	S. 3229	John Hoeven	R	Agriculture	Agriculture	Y	Y
114	TAILOR ACT	S. 3153	Mike Rounds	R	banking	Credit Union	Y	N
114	Housing Opportunity Through Modernization Act	S. 3083	Robert Menendez	D	Banking	Housing	Y	Y
114	Refund to Rainy Day Savings Act	S. 2979	Cory Booker	D	banking	Credit Union	Y	Y
114	To amend the Packers and Stockyards Act	S. 2911	Chuck Grassley	R	Agriculture	Agriculture	N	N/A
114	Financial Institution Customer Protection Act	S. 2790	Ted Cruz	R	Banking	Credit Union	Y	N
114	SeniorSafe Act	S. 2216	Susan Collins	R	Banking	Credit Union	Y	Y
114	Electrify Africa Act	S. 2152	Bob Corker	R	Foreign Relations	Worker/ Agriculture	Y	Y
114	Making Appropriations to Stop Regulatory Excess and for Other Purposes	S. 2132	Thad Cochran	R	Banking	Credit Union	Y	N
114	Small Business Lending Enhancement Act	S. 2028	Rand Paul	R	Banking	Credit Union	Y	Y
114	Bureau of Consumer Financial Protection Advisory Board Enhancement Act	S. 1963	Mike Rounds	R	Banking	Credit Union	Y	Y
114	Community Lender Regulatory Relief and Consumer Protection Act	S. 1491	Sherrod Brown	D	Banking	Credit Union	Y	N
114	Financial Regulatory Improvement Act	S. 1484	Richard Shelby	R	Banking	Credit Union	N	N/A
114	Credit Union Residential Loan Parity Act	S. 1440	Ron Wyden	D	Banking	Credit Union	Y	Y



114	Energy Storage Promotion and Deployment Act	S. 1434	Martin Heinrich	D	Energy	Electric	Y	N
114	To Amend Federal Home Loan Bank eligibility	S. 1367	Joe Donnelly	D	Banking	Credit Union	Y	Y
114	Freedom From Discrimination in Credit Act	S. 1330	Patty Murray	D	Banking	Worker	Y	N
114	Next Generation Electric Systems Act	S. 1207	Mazie Hirono	D	Energy	Electric	N	N/A
114	Data Protection Act	S. 961	Tom Carper	D	Banking	Credit Union	Y	Y
114	Financial Institutions Examination Fairness and Reform Act	S. 774	Jerry Moran	R	Banking	Credit Union	Y	Y
114	Community Financial Protection Act	S. 726	Dan Coats	R	Banking	Credit Union	N	N/A
114	Health Care Choice Act	S. 647	Ted Cruz	R	Finance	Healthcare	Y	N
114	Consumer Financial Protection Bureau Examination and Reporting Threshold Act	S. 482	Pat Toomey	R	Banking	Credit Union	Y	Y
114	Data Security and Breach Notification Act	S. 177	Bill Nelson	D	Banking	Worker	Y	N
113	Higher Education Affordability Act	S. 2954	Tom Harkin	D	Health	Worker	N	N/A
113	Financial Regulatory Clarity Act	S. 2829	Roger Wicker	R	Banking	Credit Union	N	N/A
113	Consumer Financial Protection Bureau Examination and Reporting Threshold Act	S. 2732	Pat Toomey	R	Banking	Credit Union	Y	Y
113	RELIEVE Act	S. 2698	Angus King	D	Banking	Credit Union	Y	Y
113	Energize Africa Act	S. 2508	Bob Menendez	D	Foreign Relations	Electric	Y	Y
113	Medical Bankruptcy Fairness Act	S. 2471	Sheldon Whitehouse	D	Judiciary	Housing	Y	N
113	WORK Act	S. 2412	Bernie Sanders	D	Health	Worker	Y	N
113	United States Employee Ownership Bank Act	S. 2411	Bernie Sanders	D	Banking	Worker	Y	N
113	Community Financial Protection Act	S. 2242	Dan Coats	R	Banking	Credit Union	N	N/A
113	Data Security Act	S. 1927	Tom Carper	D	Banking	Credit Union	Y	Y
113	Prepaid Card Consumer Protection Act	S. 1867	Bob Menendez	D	Banking	Credit Union	Y	N

113	To Amend Federal Home Loan Bank eligibility	S. 1806	Sherrod Brown	D	Banking	Credit Union	Y	N
113	American Savings Promotion Act	S. 1597	Jerry Moran	R	Banking	Credit Union	Y	Y
113	A bill to amend the Robert T. Stafford Disaster Relief	S. 1480	Chuck Schumer	D	HSGAC	Housing	Y	N
113	Workforce Investment Act	S. 1356	Patty Murray	D	Health	Worker	Y	Y
113	State Energy Race to the Top Initiative Act	S. 1218	Mark Warner	D	Energy	Electric	Y	N
113	Housing Finance Reform and Taxpayer Protection Act	S. 1217	Bob Corker	R	Banking	Housing	Y	Y
113	Freedom From Discrimination in Credit Act	S. 1159	Patty Murray	D	Banking	Worker	Y	N
113	Small Business Lending Enhancement Act	S. 968	Mark Udall	D	Banking	Credit Union	Y	Y
113	Agriculture Reform, Food, and Jobs Act	S. 954	Debbie Stabenow	D	Agriculture	Agriculture	N	N/A
113	Balancing Food, Farm, and the Environment Act	S. 923	Tom Udall	D	Agriculture	Agriculture	N	N/A
113	Financial Institutions Examination Fairness and Reform Act	S. 727	Jerry Moran	R	Banking	Credit Union	Y	Y
113	Local Farms, Food, and Jobs Act	S. 679	Sherrod Brown	D	Agriculture	Agriculture/ Consumer	Y	Y
113	Financial Regulatory Responsibility Act	S. 450	Richard Shelby	R	Banking	Credit Union	Y	N
112	To temporarily extend the transaction account guarantee program	S.3637	Harry Reid	D	Banking	Credit Union	N	N/A
112	WORK Act	S.3421	Bernie Sanders	D	Health	Worker	Y	N
112	United States Employee Ownership Bank Act	S. 3419	Bernie Sanders	D	Banking	Worker	Y	N
112	Agriculture Reform, Food and Jobs Act	S. 3240	Debbie Stabenow	D	Agriculture	Agriculture	Y	Y
112	To require the Secretary of Agriculture to establish a nonprofit corporation to be known as the Foundation for Food and Agriculture Research	S. 2274	Pat Roberts	R	Agriculture	Agriculture	Y	Y

112	Small Business Lending Enhancement Act	S.2231	Mark Udall	D	Banking	Credit Union	Y	Y
112	Rural Energy Savings Program	S.2216	Jeff Merkley	D	Agriculture	Electric	Y	Y
112	Financial Institutions Examination Fairness Act	S.2160	Jerry Moran	R	Banking	Credit Union	Y	Y
112	To amend the Packers and Stockyards Act...	S.2141	Chuck Grassley	R	Agriculture	Agriculture	Y	Y
112	Beginning Farmer and Rancher Opportunity Act	S.1850	Tom Harkin	D	Agriculture	Agriculture	Y	N
112	Dairy Advancement Act	S.1682	Bob Casey	D	Agriculture	Agriculture	N	N/A
112	Clean Energy Financing Act	S.1510	Jeff Bingaman	D	Energy	Electric	N	N/A
112	Practical Energy Plan Act	S.1321	Richard Lugar	R	Finance	Electric	N	N/A
112	To exempt certain Class A CDL drivers...	S.1288	Pat Roberts	R	Commerce	Agriculture	Y	Y
112	Data Security and Breach Notification Act	S.1207	Mark Pryor	D	Commerce	Worker	Y	N
112	Livestock Marketing Fairness Act	S.1026	Mike Enzi	R	Agriculture	Agriculture	Y	Y
112	Small Business Lending Enhancement Act	S. 509	Mark Udall	D	Banking	Credit Union	Y	Y
112	Democracy for Dairy Producers Act	S.457	Kirsten Gillibrand	D	Agriculture	Agriculture	Y	N
112	Blue Star/Gold Star Flag Act	S. 380	Jim Webb	D	Banking	Housing	Y	Y
112	Helping Responsible Homeowners Act	S.170	Barbara Boxer	D	Banking	Housing	Y	Y
111	RESTART Act	S.4031	Evan Bayh	D	Energy	Electric	Y	Y
111	Community-supported Agriculture Promotion Program	S.4030	Bernie Sanders	D	Agriculture	Agriculture	N	N/A
111	Data Security and Breach Notification Act	S.3742	Mark Pryor	D	Commerce	Worker	Y	N
111	Increase Maximum Mortgage amount limitations	S.3700	Chuck Schumer	D	Banking	Housing	Y	N
111	Carbon Capture and Sequestration Deployment act	S.3591	John D. Rockefeller	D	Finance	Electric	Y	Y
111	Data Security Act	S.3579	Tom Carper	D	Banking	Credit Union	Y	Y
111	Blue Star/Gold Star Flag Act	S.3477	Jim Webb	D	Armed Services	Housing	Y	Y
111	Practical Energy and Climate Plan Act	S.3464	Richard Lugar	R	Finance	Electric	Y	N

111	Small Business Lending Enhancement Act	S. 2919	Mark Udall	D	Banking	Credit Union	Y	Y
111	United States Employee Ownership Bank Act	S.2914	Bernie Sanders	D	Banking	Worker	Y	N
111	Worker Ownership Readiness and Knowledge Act	S.2909	Bernie Sanders	D	Health	Worker	Y	N
111	Medical Bankruptcy Fairness Act	S.1624	Sheldon Whitehouse	D	Judiciary	Housing	Y	N
111	Longline Catcher Processor Subsector Single Fishery Cooperative Act	S.1609	Maria Cantwell	D	Commerce	Agriculture	Y	Y
111	Restoring American Financial Stability	S.3217	Chris Dodd	D	Banking	Worker	N	N/A
111	American Clean Energy Leadership Act	S.1462	Jeff Bingaman	D	Energy	Electric/Housing	N	N/A
111	Haiti Reforestation Act	S.1183	Dick Durbin	D	Foreign Relations	Foreign/Agriculture	Y	Y
111	Promoting Health Care Purchasing Cooperatives Act	S.1165	Russ Feingold	D	Health	Healthcare	Y	Y
111	Homes for Heroes Act	S.1160	Chuck Schumer	D	Banking	Housing	Y	N
111	Promoting American Agricultural and Medical Exports to Cuba Act	S.1089	Max Baucus	D	Finance	Agriculture	Y	Y
111	Livestock Marketing Fairness Act	S.1086	Mike Enzi	R	Agriculture	Agriculture	Y	Y
111	National consumer Cooperative Bank Act Amendments	S.1068	Sherrod Brown	D	Banking	Financial Services	N	N/A
111	Department of Energy Carbon Capture and Sequestration Program Amendments Act	S. 1013	Jeff Bingaman	D	Energy	Electric	Y	Y
111	Helping Families Save their Homes Act	S.896	Chris Dodd	D	Banking	Credit Union	Y	N
111	Helping Families Save their Homes Act	S.895	Chris Dodd	D	Banking	Credit Union	Y	N
111	Democracy for Dairy Producers Act	S.665	Russ Feingold	D	Agriculture	Agriculture	N	N/A
111	Interest Rate Reduction Act	S. 582	Bernie Sanders	D	Banking	Credit Union	Y	N
111	Working Waterfront Preservation Act	S.533	Susan Collins	R	Agriculture	Agriculture	Y	Y
111	Credit CARD Act	S.414	Chris Dodd	D	Banking	Credit Union	Y	N
111	Global Food Security Act	S.384	Richard Lugar	R	Foreign Relations	Foreign/Agriculture	Y	Y

110	Credit Card Accountability Responsibility and Disclosure Act	S.3252	Chris Dodd	D	Banking	Credit Union	Y	N
110	Gulf Coast Multifamily and Assisted Housing Recovery Act	S.2975	Mary Landrieu	D	Banking	Housing	Y	Y
110	Credit Union Regulatory Improvements Act	S.2957	Joe Lieberman	D	Banking	Credit Union	Y	Y
110	SAFE Act	S.2734	Chris Bond	R	Banking	Housing	Y	N
110	Home Ownership Preservation and Protection Act	S.2452	Chris Dodd	D	Banking	Credit Union	Y	N
110	Overseas Private Investment Corporation Reauthorization Act	S. 2349	Joe Biden	D	Foreign Relations	Foreign/Worker	Y	Y
110	FHA Modernization Act	S.2338	Chris Dodd	D	Banking	Housing	N	N/A
110	Veterans Homelessness Prevention Act	S.2330	Barack Obama	D	Banking	Housing	Y	N
110	Food and Energy Security Act	S.2302	Tom Harkin	D	Agriculture	Agriculture/Worker/Electric	N	N/A
110	Cooperative Tax Deduction Preservation Act	S.2266	Chuck Schumer	D	Finance	Housing	N	N/A
110	Heartland, Habitat, Harvest and Horticulture Act	S.2242	Max Baucus	D	Finance	Electric	N	N/A
110	Climate-Security Act	S.2191	Joe Lieberman	D	Environment	Electric	Y	Y
110	Capital Access for Senior Homeowners	S.1985	Wayne Allard	R	Banking	Housing	Y	Y
110	United States Employee Ownership Bank Act	S. 1982	Bernie Sanders	D	Banking	Worker	Y	N
110	Harvesting Energy Act	S.1884	Ken Salazar	D	Agriculture	Agriculture	N	N/A
110	...to participate in the financing or ownership of local biorefineries	S.1813	Norm Coleman	R	Agriculture	Agriculture	Y	Y
110	FHA Loan Limit Adjustment Act	S.1805	Chuck Schumer	D	Banking	Housing	Y	N
110	...To promote growth and opportunity for the dairy industry in the US	S.1721	Arlen Specter	R	Agriculture	Agriculture	Y	Y
110	Promoting Agricultural and Medical Exports to Cuba Act	S.1673	Max Baucus	D	Agriculture	Agriculture	Y	Y
110	Farm, Nutrition and Community Investment Act	S.1424	Chuck Schumer	D	Agriculture	Agriculture	Y	N

110	Provide a tax credit to holders of rural renaissance bonds	S. 1264	Norm Coleman	R	Finance	Electric	Y	Y
110	Data Security Act	S.1260	Tom Carper	D	Banking	Credit Union	Y	Y
110	New Homestead Act	S.1093	Byron Dorgan	D	Finance	Housing/Worker	Y	Y
110	Homes for Heroes Act	S.1084	Barack Obama	D	Banking	Housing	Y	N
110	Healthy Farms, Foods and Fuels Act	S.919	Bob Menendez	D	Agriculture	Agriculture	Y	N
110	Veterans Small Business Opportunity Act	S.904	Olympia Snowe	R	Small Business	Credit Union	Y	Y
110	Services to Prevent Veterans Homelessness Act	S.874	Richard Burr	R	Veterans	Housing	N	N/A
110	Working Waterfront Preservation Act	S.741	Susan Collins	R	Finance	Agriculture	Y	N
110	Promoting Health Care Purchasing Cooperatives Act	S.733	Russ Feingold	D	Health	Healthcare	Y	Y
110	Rural Opportunities Act	S.541	Russ Feingold	D	Agriculture	Agriculture	N	N/A
110	Democracy for Dairy Producers Act	S.529	Russ Feingold	D	Agriculture	Agriculture	N	N/A
110	A bill to amend Packers and Stockyards...	S.305	Chuck Grassley	R	Agriculture	Agriculture	Y	Y
110	Emergency Farm Relief Act	S.284	Kent Conrad	D	Agriculture	Agriculture	Y	Y
110	Access to Affordable Health Care Act	S.158	Susan Collins	R	Finance	Healthcare	Y	Y
109	Emergency Farm Relief Act	S.3991	Kent Conrad	D	Agriculture	Agriculture	Y	Y
109	Emergency Farm Relief Act	S.3855	Kent Conrad	D	Agriculture	Agriculture	Y	Y
109	Small Business Reauthorization and Improvements Act	S.3778	Olympia Snowe	R	Small Business	Credit Union	N	N/a
109	Cuba Transition Act	S.3769	John Ensign	R	Foreign Relations	Foreign/ Agriculture	Y	Y
109	allocation of the alternative fuel vehicle refueling property credit to patrons of agricultural cooperatives	S.3600	Tom Harkin	D	Finance	Agriculture	N	N/A
109	Data Security Act	S.3568	Robert Bennett	R	Banking	Credit Union	Y	Y
109	Comprehensive Homelessness Veterans Assistance and Prevention Act	S.3545	Larry Craig	R	Veterans Affairs	Housing	Y	Y

109	Homes for Heroes Act	S.3475	Barack Obama	D	Banking	Housing	Y	N
109	Veterans Benefits, Health Care and Information Technology Act	S.3421	Larry Craig	R	Veterans Affairs	Housing	Y	N
109	Patriot Loan Act	S. 3122	Olympia Snowe	R	Small Business	Credit Union	Y	N
109	Financial Services Regulatory Relief Act	S.2856	Mike Crapo	R	Banking	Credit Union	N	N/A
109	Gulf Coast Open For Business Act	S.2482	Mary Landrieu	D	Small Business	Agriculture	Y	N
109	Hurricane Katrina Recovery Act	S.2319	Barack Obama	D	Finance	Credit Union	N	N/A
109	Financial Data Protection Act	S.2169	Tom Carper	D	Banking	Credit Union	Y	Y
109	To make improvements to the Federal Insurance Deposit Act	S.2141	Robert Bennett	R	Banking	Credit Union	Y	Y
109	Veterans Housing Fairness Act	S.2121	Chuck Schumer	D	Veterans Affairs	Housing	Y	N
109	Services to Prevent Veterans Homelessness	S.1991	Richard Burr	R	Veterans Affairs	Housing	Y	N
109	National Employee Savings and Trust Equity Guarantee Act	S.1953	Chuck Grassley	R	Finance	Agriculture	N	N/A
109	Deficit Reduction Act	S.1932	Judd Gregg	R	Budget	Housing	N	N/A
109	Predatory Payday Loan Prohibition Act	S.1878	Daniel Akaka	D	Banking	Credit Union	Y	N
109	Small Business Hurricane Relief and Reconstruction Act	S.1807	Olympia Snowe	R	Small Business	Agriculture	Y	Y
109	Pension Security and Transparency Act	S.1783	Chuck Grassley	R	Finance	Agriculture	Y	Y
109	Small Business, Homeowners, and Renters Disaster Relief Act	S.1724	Olympia Snowe	R	Small Business	Agriculture	Y	N
109	Working Waterfront Preservation Act	S.1723	Susan Collins	R	Finance	Agriculture	Y	Y
109	Safe and Fair Deposit Insurance Act	S.1562	Mike Enzi	R	Banking	Credit Union	Y	Y
109	Specialty Crop and Value-Added Agriculture Promotion Act	S.1556	Ron Wyden	D	Agriculture	Agriculture	N	N/A
109	Tax Technical Corrections Act	S.1447	Chuck Grassley	R	Finance	Agriculture	Y	Y
109	Rural Renaissance Act II	S.1253	Norm Coleman	R	Finance	Financial Services	Y	Y

109	Access to Affordable Health Care Act	S.1225	Susan Collins	R	Finance	Healthcare	Y	Y
109	National Security and Bioenergy investment Act	S.1210	Tom Harkin	D	Agriculture	Agriculture	Y	Y
109	Coal-Based Generation Improvement Act	S.1153	Jim Bunning	R	Finance	Electric	Y	N
109	to provide for the expensing of broadband Internet access expenditures	S.1147	John D. Rockefeller	D	Finance	Electric	Y	Y
109	Research and Development Investment Act	S.1093	Ken Salazar	D	Finance	Electric/Housing	N	N/A
109	Clean Energy Bonds Act	S.962	Chuck Grassley	R	Finance	Electric	Y	Y
109	Democracy for Dairy Producers Act	S. 838	Russ Feingold	D	Agriculture	Agriculture	N	N/A
109	Promoting Health Care Purchasing Cooperatives Act	S.820	Russ Feingold	D	Health	Health	Y	Y
109	To amend Packers and Stockyards Act...	S.818	Chuck Grassley	R	Agriculture	Agriculture	Y	Y
109	Tax Incentives for the Natural Gas Price Reduction Act	S.727	Lamar Alexander	R	Finance	Housing	Y	Y
109	Wind Power Tax Incentives Act	S.715	Tom Harkin	D	Finance	Agriculture	Y	N
109	Efficient Energy Through Certified Technologies and Electricity Reliability (EFFECTER) Act	S.680	Olympia Snowe	R	Finance	Housing	Y	Y
109	New Homestead Act	S.675	Byron Dorgan	D	Finance	Housing/Worker	Y	Y
109	to allow a credit against income tax for certain fuel cell property	S.671	Joe Lieberman	D	Finance	Housing	Y	Y
109	to extend for 5 years the credit for electricity produced from certain renewable resources	S.542	Byron Dorgan	D	Finance	Electric	Y	Y
109	Broadband Rural Revitalization	S.497	Ken Salazar	D	Finance	Electric	N	N/A
109	Climate Change Technology Tax Incentives Act	S.387	Chuck Hagel	R	Finance	Electric	Y	N
109	Renewable Energy Production Incentive Reform Act	S.326	Gordon Smith	R	Energy	Electric	Y	Y



109	Bankruptcy Abuse Prevention and Consumer Protection Act	S.256	Chuck Grassley	R	Judiciary	Housing	Y	Y
109	National Employee Savings and Trust Equity Guarantee Act	S.219	Chuck Grassley	R	Finance	Agriculture	Y	Y
109	Save Act	S.160	Lisa Murkowski	R	Finance	Healthcare	N	N/A
109	to provide tax relief for the conversion of cooperative housing corporations into condominiums	S.83	Daniel Inouye	D	Finance	Housing	N	N/A
108	Common Sense Automobile Efficiency Act	S.2914	Barbara Mikulski	D	Finance	Agriculture	N	N/A
108	Save Act	S.2893	Lisa Murkowski	R	Finance	Healthcare	N	N/A
108	to establish certain conditions under which a Farm Credit System institution can terminate its status as a System institution	S.2851	Thomas Daschle	D	Agriculture	Agriculture	Y	N
108	Bank Examiner Postemployment Protection Act	S.2814	Carl Levin	D	Judiciary	Credit Union	Y	Y
108	Small Business Economic Stimulus Act	S.2767	Arlen Specter	R	Finance	Electric	N	N/A
108	Heartland Investment and Rural Employment (HIRE) Act	S.2761	Chuck Grassley	R	Finance	Agriculture	Y	Y
108	Agricultural Producers Value-Added Investment Tax Credit Act	S.2584	Hillary Clinton	D	Finance	Agriculture	N	N/A
108	Health Care Assurance Act	S.2570	Arlen Specter	R	Finance	Electric	Y	Y
108	National Dairy Equity Act	S.2525	Arlen Specter	R	Agriculture	Agriculture	Y	Y
108	National Employee Savings and Trust Equity Guarantee Act	S.2424	Chuck Grassley	R	Finance	Agriculture	N	N/A
108	Efficient Energy Through Certified Technologies and Electricity Reliability (EFFECTER) Act	S.2311	Olympia Snowe	R	Finance	Housing	Y	Y
108	Energy Policy Act	S.2095	Pete Domenici	R	Energy	Electric/Housing	N	N/A

108	Asia Freedom Act	S.2016	Mitch McConnell	R	Foreign Relations	Foreign/ Agriculture	Y	N
108	Jobs and Growth Tax Relief Reconciliation Act	S.2015	Chuck Grassley	R	Finance	All	N	N/A
108	Manufacturing Opportunities to Revitalize our Economy's JOBS Act	S.1964	Debbie Stabenow	D	Finance	Agriculture	Y	Y
108	Preserving Independence of Financial Institution Examinations Act	S.1947	Patrick Leahy	D	Judiciary	Credit Union	Y	Y
108	American Manufacturing Jobs Act	S.1922	Gordon Smith	R	Finance	Agriculture	Y	Y
108	Bankruptcy Abuse Prevention and Consumer Protection Act	S.1920	Chuck Grassley	R	Judiciary	Credit Union	Y	Y
108	United States-Africa Partnership Act	S.1900	Richard Lugar	R	Foreign Relations	Foreign/ Agriculture	Y	Y
108	FHA Multifamily Loan Limit Adjustment Act	S.1714	Jon Corzine	D	Banking	Housing	Y	N
108	Securing American Factory Employment (SAFE) Act	S.1688	John Rockefeller	D	Finance	Agriculture	N	N/A
108	Jumpstart Our Business Strength (JOBS) Act	S.1637	Chuck Grassley	R	Finance	Agriculture	Y	Y
108	Homeowners' Insurance Availability Act	S.1607	Lindsey Graham	R	Banking	Housing	Y	N
108	Wind Power Tax Incentives Act	S.1476	Tom Harkin	D	Finance	Agriculture	Y	N
108	Community Telecommunications Planning Act	S.1294	Patty Murray	D	Commerce	Electric	Y	N
108	International Consumer Protection Act	S.1234	John McCain	R	Commerce	Credit Union	Y	Y
108	Energy Tax Incentives Act	S.1149	Chuck Grassley	R	Finance	All	N	N/A
108	Energy Policy Act	S.1005	Pete Domenici	R	Energy	Electric	N	N/A
108	Women and Children in Conflict Protection Act	S.1001	Joe Biden	D	Foreign Relations	All	Y	Y
108	Veterans Housing Fairness Act	S.978	Chuck Schumer	D	Banking	Housing	N	N/A
108	to provide a broadband Internet access tax credit	S.905	John Rockefeller	D	Finance	Electric	Y	Y
108	Job Protection Act	S.870	Ernest Hollings	D	Finance	Agriculture	Y	N
108	Hydrogen and Fuel Cell Energy Act	S.821	Tom Harkin	D	Energy	Housing	N	N/A

108	American Dream Down-payment Act	S.811	Wayne Allard	R	Banking	Housing	Y	N
108	to allow the payment of dividends on the stock of cooperatives without reducing patronage dividends	S.785	Max Baucus	D	Finance	All	Y	Y
108	to allow a credit against income tax for certain energy-efficient property	S.758	Joe Liberman	D	Finance	Housing	Y	Y
108	Tax Empowerment and Relief for Farmers and Fishermen (TERFF) Act	S.665	Chuck Grassley	R	Finance	Agriculture	Y	Y
108	New Homestead Act	S.602	Byron Dorgan	D	Finance	Housing/Worker	Y	Y
108	Energy Tax Incentives Act	S.597	Chuck Grassley	R	Finance	All	Y	Y
108	Efficient Energy through Certified Technologies (EFFECT) Act	S.507	Olympia Snowe	R	Finance	Housing	Y	Y
108	Hydrogen Fuel Cell Act	S.461	Byron Dorgan	D	Finance	Housing	Y	N
108	to increase competition and transparency among packers that purchase livestock from producers	S.325	Chuck Grassley	R	Agriculture	Agriculture	Y	Y
108	to allow allocation of small ethanol producer credit to patrons of cooperative	S.240	Peter Fitzgerald	R	Finance	All	Y	Y
108	Safe and Fair Deposit Insurance Act	S.229	Tim Johnson	D	Banking	Credit Union	Y	Y
108	to allow the expensing of broadband Internet access expenditures	S.160	Conrad Burns	R	Finance	Electric	Y	Y
108	Access to Affordable Health Care Act	S.100	Susan Collins	R	Finance	Healthcare	Y	Y
108	to provide tax relief for the conversion of cooperative housing corporations into condominium	S.58	Daniel Inouye	D	Finance	Housing	N	N/A
108	Democracy for Dairy Producers Act	S.43	Russ Feingold	D	Agriculture	Agriculture	N	N/A
108	Promoting Health Care Purchasing Cooperatives Act	S.39	Russ Feingold	D	Finance	Health	Y	Y

108	To amend Packers and Stockyards Act...	S.27	Chuck Grassley	R	Agriculture	Agriculture	Y	Y
108	to exclude from gross income dividends received by individuals	S.24	Kay Bailey Hutchison	R	Finance	Agriculture	N	N/A
108	Jobs and Growth Reconciliation Tax Act	S.2	Don Nickles	R	Finance	All	Y	Y
107	Bankruptcy Abuse Reform Act	S.2996	Herb Kohl	D	Judiciary	Housing	Y	Y
107	to increase competition and transparency among packers that purchase livestock from producers	S.2867	Chuck Grassley	R	Agriculture	Agriculture	Y	Y
107	to provide for employee benefits for work site employees of certain corporations operating on a cooperative basis	S.2852	Robert Torricelli	D	Finance	Worker	N	N/A
107	FHA Multifamily Housing Loan Limit Improvement Act	S. 2841	Jon Corzine	D	Banking	Housing	Y	Y
107	Promoting Health Care Purchasing Cooperatives Act	S.2835	Russ Feingold	D	Health	Healthcare	Y	Y
107	Tobacco Livelihood and Economic Assistance for Our Farmers Act	S.2764	Zell Miller	D	Finance	Agriculture	N	N/A
107	Emergency Agricultural Assistance Act	S.2183	Tim Hutchinson	R	Agriculture	Agriculture	N	N/A
107	Access to Affordable Health Care Act	S.2042	Susan Collins	R	Finance	Healthcare	Y	Y
107	Health Plan Purchasing Alliance Act	S.2035	James Jeffords	D	Health	Healthcare	Y	Y
107	Energy Tax incentives Act	S.1979	Max Baucus	D	Finance	All	N	N/A
107	Safe and Fair Deposit Insurance Act	S.1945	Tim Johnson	D	Banking	Credit Union	Y	Y
107	Wind Energy Promotion Act	S.1930	Kent Conrad	D	Finance	Agriculture/ Electric	N	N/A
107	to allow credits for the installation of energy efficiency home improvements	S.1873	Olympia Snowe	R	Finance	Housing	Y	Y
107	New Homestead Economic Opportunity Act	S.1860	Byron Dorgan	D	Finance	Housing/Worker	Y	Y

107	Home and Farm Wind Energy Systems Act	S.1810	Dick Durbin	D	Finance	Housing	N	N/A
107	Energy Policy Act	S.1766	Tom Daschle	D	Energy	Electric	Y	N
107	Agriculture, Conservation, and Rural Enhancement Act	S.1731	Tom Harkin	D	Agriculture	All	N	N/A
107	to provide incentives to introduce new technologies to reduce energy consumption in buildings	S.1709	Bob Smith	R	Finance	Housing	Y	Y
107	Farm Security Act	S.1673	Blanche Lincoln	D	Agriculture	Agriculture	Y	Y
107	Agriculture, Conservation, and Rural Enhancement Act	S.1628	Tom Harkin	D	Agriculture	Agriculture	N	N/A
107	Climate Change Tax Amendments	S.1293	Larry Craig	R	Finance	Electric	Y	N
107	Renewable Energy Production Incentive Reform Act	S.1211	Maria Cantwell	D	Energy	Electric	Y	Y
107	Veterans Housing Fairness Act	S.1203	Chuck Schumer	D	Banking	Housing	Y	Y
107	FHA Multifamily Housing Mortgage Loan Limit Adjustment Act	S.1163	Jon Corzine	D	Banking	Housing	Y	Y
107	Community Telecommunications Planning Act	S.1056	Patty Murray	D	Commerce	Electric	Y	N
107	Savings for Working Families Act	S.1025	Joe Lieberman	D	Finance	Credit Union	Y	Y
107	Historic Homeownership Assistance Act	S.920	John Breaux	D	Finance	Housing	Y	Y
107	Investment in Value-Added Agriculture Act	S.907	Jean Carnahan	D	Finance	Agriculture	N	N/A
107	to allow a credit against income tax for certain energy-efficient property	S.828	Joe Lieberman	D	Finance	Housing	Y	Y
107	Rural Electric Tax Equity Act	S.794	Fred Thompson	R	Finance	Electric	Y	Y
107	Native American Telecommunications Improvement and Value Enhancement Act	S.761	Max Baucus	D	Indian Affairs	Electric	Y	N
107	to enhance the use of the small ethanol producer credit	S.613	Peter Fitzgerald	R	Finance	Agriculture	Y	Y

107	Energy Security and Tax Incentive Policy Act	S.596	Jeff Bingaman	D	Finance	All	Y	N
107	Residential Solar Energy Tax Credit Act	S.465	Wayne Allard	R	Finance	Housing	Y	N
107	Bankruptcy Reform Act	S.420	Chuck Grassley	R	Judiciary	Housing	Y	Y
107	National Energy Security Act	S.389	Frank Murkowski	R	Finance	Housing	Y	Y
107	National Energy Security Act	S.388	Frank Murkowski	R	Energy	Housing	Y	Y
107	to provide declaratory judgement relief for section 521 cooperatives	S.314	Chuck Grassley	R	Finance	Agriculture	N	N/A
107	Tax Empowerment and Relief for Farmers and Fishermen (TERFF) Act	S.312	Chuck Grassley	R	Finance	Agriculture	Y	Y
107	KIDS Act	S.247	Tom Harkin	D	Health	Agriculture	Y	Y
107	Bankruptcy Reform Act	S.220	Chuck Grassley	R	Judiciary	Housing	Y	Y
107	to provide a refundable personal credit for energy conservation expenditures	S.196	Barbara Boxer	D	Finance	Housing	N	N/A
107	Broadband Deployment Act	S.150	John Kerry	D	Finance	Electric	N	N/A
107	A bill to amend the Packers and Stockyards Act	S.142	Tim Johnson	D	Agriculture	Agriculture	Y	Y
107	Democracy for Dairy Producers Act	S.107	Russ Feingold	D	Agriculture	Agriculture	N	N/A
107	Broadband Internet Access Act	S.88	John Rockefeller	D	Finance	Electric	Y	Y
107	National Electricity and Environmental Technology Act	S.60	Robert Byrd	D	Finance	Electric	Y	Y
107	to provide tax relief for the conversion of cooperative housing corporations into condominiums	S.48	Daniel Inouye	D	Finance	Housing	N	N/A
107	Health Care Assurance Act	S.24	Arlen Specter	R	Finance	Health	N	N/A
107	Securing a Future for Independent Agriculture Act	S.20	Tom Daschle	D	Agriculture	Agriculture	Y	N
107	Enhancing Economic Security for America's Working Families Act	S.8	Tom Daschle	D	Finance	Worker	Y	N

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### **About the author**

Kate LaTour is the Director of Government Relations at the National Cooperative Business Association CLUSA International (NCBA CLUSA), a trade association representing cooperative businesses across all sectors of the economy. In that role, she leads the organization's efforts to defend and promote cooperatives in public policy. Prior to NCBA CLUSA, she spent five years working in the United States Senate in the Office of Senator Tammy Baldwin. Kate holds a Bachelor of Arts with majors in both Political Science and International Affairs (with an emphasis in Global Security) from the University of Wisconsin—Madison. She resides in Washington, D.C.